Distr.
GENERAL

GC.6/8
IDB.14/14
18 May 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995

Industrial Development Board

Fourteenth session
Vienna, 26-30 June 1995
Item 6 of the provisional agenda

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1994

Report by the Director-General

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 3	2
Chapter			
I.	IMPROVING THE QUALITY OF TECHNICAL COOPERATION	4 - 6	2
II.	GUIDELINES FOR THE SERVICE MANAGEMENT PROCESS	7	2
III.	COUNTRY AND REGIONAL SUPPORT STRATEGIES AND PROGRAMMING BRIEFS	8	3
IV.	ACTION REQUIRED OF THE BOARD	9	3

V.95 53830 (E) (b:\1995\pmo.7)

Distr.: 23 May 1995

Introduction

1. In accordance with Industrial Development Board decision IDB.7/Dec.11, the Director-General is to present an annual report on the technical cooperation activities of UNIDO. Information on such activities for 1994 is provided in the Annual Report of UNIDO, 1994 (IDB.14/10, chap. III, and IDB.14/10/Add.1 and Corr.1). A list of technical cooperation projects approved and/or operational in 1994 will also be made available to the Board in a conference room paper.

2. Debates on the subject at the most recent sessions of the Board and the General Conference have focused on the quality aspects of technical cooperation.

3. After consideration of a report by the Director-General on the development of a quality management system for UNIDO technical cooperation (IDB.12/8), in its decision IDB.12/Dec.5 the Board addressed a number of requests to the Director-General in that respect. The present document describes the UNIDO response to those requests.

I. IMPROVING THE QUALITY OF TECHNICAL COOPERATION

(GC.5/Res.1, paras. 2, 6;
IDB.12/Dec.5, paras. (c)(i), (ii))

4. With regard to subparagraph (c)(i) of decision IDB.12/Dec.5, in which the Director-General was requested to complete the quality system for technical cooperation, the following steps have been undertaken as planned in document IDB.12/8, paragraphs 7 and 8:

(a) The focusing of UNIDO's activities is described in document IDB.14/13 which is presented to the Board at its current session under item 4 of the provisional agenda. The basic concept for the focusing was also explained in the introduction to the proposed programme and budgets, 1996-1997 (IDB.14/2 and Corr.1);

(b) The precise delineation of responsibilities between the Quality Assurance Unit and the divisional quality assurance officers is under continuous dialogue and guidelines are expected to be issued;

(c) A quality manual was drafted and will be finalized once the proposed UNIDO priorities have been agreed upon;

(d) Staff training has begun on the application of the Quality System for UNIDO Services (CPD.11) throughout the service management process, as foreseen in Director-General's Bulletin UNIDO/DG/B.177. To date, two Managing Directors, three Heads of Branch and 68 other staff members, including 39 Junior Professional Officers, have received such training;

(e) Another evaluation tool, the system for the assessment of the performance of staff and managers, which includes a system of incentives, is being finalized.

5. In decision IDB.12/Dec.5, the Director-General was requested to continue improving the quality of technical cooperation projects, as called for in General Conference resolution GC.5/Res.1. Towards achieving that objective, in March 1995 UNIDO organized a working session on the introduction of quality management into development cooperation agencies. Representatives from bilateral and multilateral development cooperation agencies reached a common understanding on the principles of a participatory approach to the management of development cooperation that had been developed by UNIDO and the German Agency for Technical Cooperation (GTZ) (see PPD.257). The representatives also decided to continue this initiative as an informal network to exchange views on and experience of these principles and methods, and to meet again to assess the progress made in the participatory management of development cooperation. UNIDO, as the initiator of this endeavour, will brief representatives of the Organization for Economic Cooperation and Development, the World Bank and the United Nations Development Programme who, although not able to attend the first session, are working on the same or similar principles.

6. The experience in the application of the principles of participatory approach and the notion of ownership and management responsibility, is still limited. Thus, although UNIDO has a blueprint for its technical cooperation services, including procedures, methods and instruments (see CPD.11), the principles for the management of development cooperation have been tested in the development of only a few technical cooperation projects as reflected in the Annual Report, 1994 (IDB.14/10, chap. IV, paras. 21-28).

II. GUIDELINES FOR THE SERVICE MANAGEMENT PROCESS

(IDB.12/Dec.5, para. (b)(iii))

7. With regard to procedures, the UNIDO guidelines for the service management process (UNIDO/DG/B.177) is currently being reviewed through a survey of the experience of management staff with this process. The review will be used to analyse the problems encountered by staff and managers, eliminate steps that have no value added, adjust responsibilities and redefine time limits. A revised draft revision is expected to be ready by mid-

1995. The procedures will ensure that the principles of a participatory approach to the management of development cooperation are reflected.

III. COUNTRY AND REGIONAL SUPPORT STRATEGIES AND PROGRAMMING BRIEFS

(IDB.12/Dec.5, para. (b)(iv))

8. A total of 103 country programming briefs have been prepared in accordance with Director-General's Bulletin UNIDO/DG/B.177 and others are being finalized pending feedback from the respective countries and programming missions. Based on the first round of experiences, a standard outline of programming briefs are being developed to ensure quality and comparability. These briefs will be incorporated into the updating exercise. A first draft of regional strategies has been completed for all five regions. Five country strategies are in an advanced stage; in the case of Indonesia, the strategy evolved from the Industrial Development Review for that country, and in the case of the Syrian Arab Republic, the strategy was developed on the basis of a technical support services at the programme level (TSS-1) exercise. Twenty-nine more country strategies are under preparation.

IV. ACTION REQUIRED OF THE BOARD

9. The Board may wish to take note of the information contained in the present document.

Distr.
GENERAL

GC.6/8/Add.1
15 September 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995
Item 9 (j) of the provisional agenda

INDUSTRIAL DEVELOPMENT AND COOPERATION ACTIVITIES: OPERATIONAL ACTIVITIES FOR DEVELOPMENT

UNIDO technical cooperation activities

Addendum

Report by the Director-General

Summary

Updates the information provided in chapter I of document GC.6/8.

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	IMPROVING THE QUALITY OF TECHNICAL COOPERATION	3 - 5	2
II.	ACTION REQUIRED OF THE CONFERENCE	6	2
Annex:	Guiding principles to the quality management of development cooperation		3

V.95 56968 (E) (b:\1995\pmo.6)

Distr.: 25 September 1995

Introduction

1. In its resolution GC.5/Res.1, paragraphs 2 and 6, the General Conference at its fifth session requested the Director-General to further enhance the quality management system in conformity with the relevant paragraphs on funds mobilization and quality management of document GC.5/23 and to report thereon to the Conference at its sixth session through the Board.

2. Subsequently, after consideration of a report by the Director-General on the development of a quality management system for UNIDO technical cooperation (IDB.12/8), the Board, in its decision IDB.12/Dec.5, requested the Director-General to take a number of related measures and report on their implementation to the Conference through the Board. Thus, a report on the implementation of the relevant paragraphs of resolution GC.5/Res.1 and of decision IDB.12/Dec.5 prepared for the Conference (GC.6/8-IDB.14/14) was considered by the Board at its fourteenth session. The Board, in its decision IDB.14/Dec.5, encouraged the Director-General to proceed with efforts to improve the quality of technical cooperation projects through the application of the principles for the management of development cooperation, as mentioned in document IDB.14/14. The present document reports on further recent efforts in that respect.

I. IMPROVING THE QUALITY OF TECHNICAL COOPERATION

3. The quality of UNIDO services constitutes a key element of the reform process: the issue of quality is crucial to whatever services are to be provided by the Organization. As such, the guiding principles for the quality management of technical cooperation (contained in the annex to the present document) are being put into practice gradually.

4. After the working session on the introduction of quality management into development cooperation agencies, held in Vienna on 23 and 24 March 1995 (see GC.6/8, para. 5), the above-mentioned principles have been refined through discussions, notably with the World Bank, International Monetary Fund and the German Agency for Technical Cooperation (GTZ) with whom joint work is being planned. The working session has also led to the preparation of a guide to the quality management of development cooperation. This guide—available at present only in draft—will describe the application of those principles in practice, and turn the original objective-oriented project planning (OOPP) methodology (see document IDB.11/4-PBC.9/4, para. 14) into a quality management tool for use both by development cooperation agencies and recipients of development cooperation in whatever field they may be engaged. The guide will incorporate the results of UNIDO experience gained from applying these principles also to some technical cooperation activities of the United Nations International Drug Control Programme, the International Atomic Energy Agency and the World Bank. The guide will be discussed at the next working session on the quality management of development cooperation and published in 1996.

5. At the same time, UNIDO is consolidating its own capacity to advise developing country institutions on the management of technical cooperation received from bilateral and multilateral organizations and non-governmental organizations. Such advice is being provided at present to the National Agency for Atomic Energy of Romania and the Ministry of Industry of Indonesia through technical cooperation services, and to Tunisia through other services. This type of assistance is extended only to recipients of those services who require quality management know-how to effectively master external assistance and ensure its sustained and visible impact on the development process.

II. ACTION REQUIRED OF THE CONFERENCE

6. The Conference may wish to take note of the information provided in the present report.

Annex

GUIDING PRINCIPLES TO THE QUALITY MANAGEMENT OF DEVELOPMENT COOPERATION

1. The principles guiding the provision of technical cooperation services are contained in the Constitution of UNIDO and in several decisions taken by its policy-making organs concerning its activities as a whole.

2. UNIDO—as a service organization—recognizes that developing countries (their Governments, institutions and enterprises) are masters of their own development process and that, as such, external assistance can never become a substitute for their efforts. They are responsible for the management of the identification, formulation and implementation of their own development programmes.

3. UNIDO is responsible for the provision of specific services assisting in the identification, formulation and/or implementation of those programmes, so as to have a sustainable impact on the capacity-building process of local institutions. This impact is measured through the ability of the local institution to improve the situation of the beneficiaries, i.e. to achieve the objective of its development programme. While this principle is the norm, there are cases where UNIDO is responsible only for the provision of specific inputs to programmes developed and implemented by other institutions. Similarly, in exceptional cases, UNIDO may be involved in the provision of direct support to enterprises.

4. It is UNIDO policy to ensure that its technical cooperation services meet the quality standards described in document GC.4/28: relevance, cost-effectiveness and sustainability. The objectives pursued by this policy are the satisfaction of both the local institutions (including government) and the target beneficiaries (enterprises).

5. In the field of industry, developing countries seek to achieve industrial and technological growth and competitiveness, compatible with environmental protection and social considerations. It is UNIDO policy to support national efforts to build up capacities to achieve that objective. UNIDO provides this support through a variety of services, including technical cooperation.[1] More specifically, technical cooperation takes the form of a programme[2] or project.[3]

6. It is **industrial enterprises** that want to achieve industrial and technological growth and competitiveness, be they private or public. They have the management responsibility for achieving this objective through continuous improvement. To succeed, they must be able to organize themselves in the most effective manner—that is, by making the best possible use of the various factors that they require in order to produce quality products—and to ensure client satisfaction.

7. Industrial enterprises obviously do not operate in isolation: they require inputs from other enterprises as well as financial resources, technology and human resources in terms of skilled managers and manpower through **local institutions**. Industrial enterprises also rely on a variety of services such as information, standardization, engineering and communication. In addition, a macroeconomic framework and an enabling policy environment are needed in terms, *inter alia*, of an international trade regime, sound fiscal policies and competition policies. In other words, Governments, local institutions and associations bear a major responsibility for managing the various services, policies and institutional measures conducive to industrial enterprise development.

8. Together with enterprises these local institutions and government policy-making bodies constitute the national capacities and capabilities for sustainable development.

9. The role of **international agencies**, such as UNIDO, is to support the build-up of national capacities and capabilities by providing quality technical cooperation services to its clients, i.e. mainly government authorities and local institutions.

10. Thus, UNIDO policy, strategy and programmes in any of the seven priority areas are closely related to the needs[4] of both local institutions and enterprises to build up national capacities and capabilities, and thereby the competitiveness of domestic enterprises. UNIDO technical cooperation is guided by these principles.

---

1. Technical cooperation: The specifically structured and defined system of services supporting development by mobilizing and transferring skills and knowledge in order to improve capacity, capability and efficiency of people through permanent or non-permanent local institutions.

2. Programme (integrated): A set of integrated projects/services limited in terms of objectives, target groups, location and time forming a comprehensive support to the achievement of an overall goal.

3. Project: A set of measures limited in terms of objectives, target groups, location and time implemented to achieve *ex ante* defined objectives.

4. Needs: The objectively identified elements that are required to continuously improve the performance of a system.

Distr.
GENERAL

GC.6/9
IDB.14/15
23 May 1995

United Nations Industrial Development Organization ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995

Industrial Development Board

Fourteenth session
Vienna, 26-30 June 1995
Item 9 (b) of the provisional agenda

THE REGIONAL DIMENSION

Special Programme for Industrial Development in the Arab Countries, including technical assistance to the Palestinian people

Report by the Director-General

Summary

Provides information on projects addressing priority areas identified by the General Conference and on other aspects of the Special Programme, as well as on technical assistance to the Palestinian people.

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	PRIORITY AREAS	3 - 13	2
II.	FRAMEWORK FOR PROGRAMME DEVELOPMENT	14 - 22	3
III.	TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE	23 - 25	4
IV.	ACTION REQUIRED OF THE BOARD	26	4

V.95 53984 (E) (b:\pmo 7\1995)

Distr.: 29 May 1995

Introduction

1. In accordance with General Conference resolution GC.5/Res.13 on the Special Programme for Industrial Development in the Arab Countries, the operational activities of the Programme have been refocused on the key priority areas identified by the resolution, within the context of the medium-term plan and the five development objectives of the Organization. Addressing those priorities, initiatives have been taken to conceive and implement an integrated and coherent programme/projects package of regional activities for the Arab countries, some of which are highlighted below in respect of each of the General Conference recommendations. In view of their multidisciplinary nature, these activities address two or more of the recommendations simultaneously. Details regarding these and other projects are available with the Secretariat.

2. The present document also supplements information provided in the *Annual Report of UNIDO 1994* (IDB.14/10, chap. III.C) and should be considered in conjunction with that text.

I. PRIORITY AREAS
(GC.5/Res.13, para. 1)

Human resource development

3. A regional workshop on capacity-building in technology transfer negotiations and contract negotiation will represent a means to creating and/or strengthening national and regional capacities in technology acquisition and negotiation (Amman, Jordan, late 1995).

4. Regional workshop on maintenance of industrial boilers in Arab least developed countries (LDCs) (Cairo, Egypt, mid-1995): Industrial maintenance remains one of the highest priority areas in Arab LDCs due to decreased production and increased consumption of scarce spare parts. By applying basic maintenance management—which consists essentially of moving from a breakdown maintenance practice to a preventive inspection and maintenance formula—use of production tools, productivity and competitiveness are improved.

Development of national and regional technological capacities

5. Assessment of instrumentation facilities and services available in the countries of the Western Asia subregion: The project is aimed at making an assessment of instrumentation facilities and services available in the countries of the subregion to investigate the creation of a regional centre for instrumentation repair and services and developing various instrumentation services in Jordan, Lebanon, Syrian Arab Republic and Gaza.

6. Cooperation in the field of catalysts in the Middle East and North Africa: Chemical industries in the countries of the Middle East and North Africa are highly dependent on catalysts, necessitating massive applied research on catalysis and catalytic reactions. The importance of catalysts has been emphasized in many meetings on petrochemical industries organized by UNIDO. By taking this initiative, UNIDO will assist an industrial sector of strategic importance for most Middle East and North African countries.

Upgrading the competitiveness of industrial products

7. Workshop on the potential for cooperation among Gulf countries in the production of machine tools (Dubai, United Arab Emirates, late 1995): The problems of the machine tool industry specific to Arab countries could be summarized as diseconomies of scale, lack of sound engineering infrastructure, limited skilled manpower, high cost of both capital and factor inputs—notably cost of civil works, and technology acquisition. It is within this framework and on the basis of discussions held with officials from various countries of the Gulf that an opportunity study for establishment of a plant to manufacture machine tools is being prepared by UNIDO. The workshop will review the results and findings of the study.

8. Workshop on productivity in industrial establishments (Damascus, Syrian Arab Republic, late 1995): The Arab countries have adopted policies to foster their economic development through industrialization. With this goal in view, these countries have taken measures to enhance awareness of and to improve industrial productivity through, *inter alia*, holding regional workshops in which various aspects of productivity improvement are discussed and related experiences and views exchanged.

Standardization and quality control

9. Preparatory assistance for the assessment of textile industry quality systems: This project constitutes an assessment of total quality management systems (TQM) in the textile industry in order to produce a quality manual for this sector following the ISO 9000 standards to ensure international competitiveness.

10. Regional workshops on ISO 9000, quality management and quality assurance standards, guidelines and impact on the industrial sector (Beirut, Lebanon, January 1995): A regional seminar on ISO 9000 and TQM was held under the sponsorship of the Economic and Social Commission for Western Asia (ESCWA).

UNIDO presented two technical papers on ISO 9000 and TQM at the seminar and guided its discussions.

Industrial management information

11. Training workshop on the application of the UNIDO Computer Model for Feasibility Analysis and Reporting (COMFAR) in investment project appraisal (mid-1995): The workshop aims to widen the application of modern, proven methodologies of investment project appraisal and, in particular, to improve the skills and capabilities of the staff of ministries of industry and relevant institutions from Arab Industrial Development and Mining Organization (AIDMO) member countries in carrying out financial and economic appraisal of investment projects using the COMFAR software.

Food security through the development of agro-industries

12. Regional workshop on the development of the agro-related metalworking sector: The development of the agro-related metalworking industry remains a key priority area in Arab countries. This project is designed to provide catalytic assistance in terms of technical support to agro-related metalworking industries through fuller technology exchange and promotion of regional cooperation by identifying a number of common constraints that could be addressed at the regional level, together with identification of technical cooperation project concepts.

13. Expert group meeting on strategies for development of marine agricultural and industrial biotechnology (Abu Dhabi, United Arab Emirates, late 1995): The project proposes to formulate regional strategies and a plan of action on marine biotechnology, making use of underexploited marine resources in the region. The project will bring together national experts on marine or closely related biotechnology from the Arab region to discuss challenges and opportunities. Assisted by UNIDO and ESCWA technical staff and other international and regional experts, national experts will determine areas most promising for regional economic development.

II. FRAMEWORK FOR PROGRAMME DEVELOPMENT
(GC.5/Res.13, para. 2)

14. In order to consolidate the above and future activities of the Programme in an integrated and synergetic framework, two major analytical investigations were also launched in the reporting period. The first concerns a detailed analysis of the potential for Arab cooperation in industrial development. The study highlights the major changes occurring at present in the industrial sector world-wide, pinpoints specific problems and constraints encountered in fostering industrial cooperation among Arab countries and identifies remedial measures. The report contains concrete proposals and an action programme for regional cooperation with respect to a wide spectrum of fields from investment and joint venture arrangements to environment and industrial pollution control. Conducted in close cooperation and coordination with AIDMO, the study is in the final stages of preparation.

15. The second investigation—a programming strategy for UNIDO support of industrial development in the Arab countries—develops a coherent and focused strategy for the future activities of the Special Programme based on an in-depth analysis of regional and global industrial trends, UNIDO's comparative advantages and core competence and recent experience in planning and implementing activities in the region. Based on that assessment, the priority needs are identified as technical cooperation in privatization and private sector development, in rehabilitation of industrial enterprises, in achieving international competitiveness, in gaining access to technology, in generating employment and in implementing regional cooperation.

16. Significantly, the study develops some new approaches in meeting the emerging challenges, notably in identifying innovative working modalities with private sector enterprises, in delineating specific requirements for speedy responses to passing windows of opportunity, in leveraging financial resources and finally in defining arrangements for closer working relations with regional and subregional organizations.

17. In pursuing the above activities, close cooperation and coordination continued and intensified in the reporting period with various regional and subregional organizations and development financing agencies.

18. Following the conclusion of a trilateral cooperation agreement signed in February 1994 with ESCWA and AIDMO in which the further strengthening of ties through the implementation of joint activities was envisaged, a number of concrete steps have already been taken with a view to fulfilling the provisions of the agreement. In this light, most of the programme/project elements of the regional activities package referred to above have been conceived, cost-shared and have been or will be implemented with the active involvement of these collaborating organizations, most notably capacity-building programmes in technology transfer negotiation, the regional seminar on ISO 9000 and TQM, and the meeting on strategies for development of marine agricultural and industrial biotechnology as joint projects with ESCWA. An assessment of the implications for

Arab industry of the GATT Uruguay Round Agreements will be jointly conducted with ESCWA and AIDMO.

19. As examples of collaborative arrangements with AIDMO can be cited the workshop on productivity in industrial establishments, an assessment of technical cooperation needs of the sugar industry in the region, and the workshop on maintenance of industrial boilers for Arab LDCs.

20. With respect to the League of Arab States, a relationship agreement was signed in June 1994 identifying the following areas of cooperation with UNIDO: development and transfer of technology; regional development and localization of industries; forecasting of trends in industrial production in the region; industrial policies and strategies; direct technical cooperation to industry in the region; management of industrial surveys; and training of industrial manpower. To this end, UNIDO has formulated concrete proposals to the substantive departments of the Arab League for joint activities, particularly in the fields of environment, the petrochemical industry and industrial statistics.

21. Regular budget appropriations for the 1994-1995 biennium for financing of these regional activities exceed $500,000, although their net worth is considerably higher in view of cost-sharing and financial contributions by collaborating agencies. Other sources of funding, such as special-purpose contributions to the Industrial Development Fund, regional finance institutions and recipient cost-sharing arrangements, have also been tapped for the regional activities.

22. Through additional staffing in both Professional and General Service categories, the management capability of the Arab Countries Programme has been strengthened.

III. TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE

23. In the context of UNIDO efforts to promote socio-economic development through sound and sustainable industrial development, a programme strategy for services to the Palestinian people has been prepared to support industrial development in the West Bank and Gaza Strip in ways that will improve living standards and welfare. The strategy is based on an analysis of short- and medium-term prospects for and constraints to Palestinian industrial development, the primary needs of the sector, and the explicit policies and priorities for industrial development articulated by the Palestinian Authority. Technical cooperation will focus mainly on the following areas:

(a) Private sector development for industry;

(b) Small and medium enterprises;

(c) Human resource development for industry;

(d) Acquisition and application of new technologies to enhance competitiveness;

(e) Regional industrial cooperation and integration.

24. Some 14 project concepts related to the above areas of cooperation have been identified and discussed with the Palestinian Authority and various industrialists. Project documents have already been prepared for these concepts. Recently UNIDO has approved most of the smaller projects to be funded through its own financial resources. However, large-scale projects would require further preparatory assistance in order to design and develop a full-scale project document. As an initial part of this programme, UNIDO in cooperation with the Palestinian Authority will organize a joint workshop with representatives of the industrial sector with a view to identifying and prioritizing problems to be addressed through a framework of industrial policies, institutional support services and direct advisory services.

25. In addition to the programme strategy, UNIDO will provide support in the execution of industry-related programmes and projects as identified by funding entities, in particular within the World Bank Emergency Assistance to the Palestinian People. A concrete dialogue with the World Bank is taking place especially in areas such as small- and medium-scale enterprises, industrial sector as well as private sector development. A similar dialogue is taking place as well with the United Nations Development Programme, within the framework of its Programme of Assistance to the Palestinian People.

IV. ACTION REQUIRED OF THE BOARD

26. The Board may wish to take note of the information contained in the present document and to provide guidance for further action.

Distr.
GENERAL

GC.6/9/Rev.1
19 September 1995

United Nations Industrial Development Organization ORIGINAL: ENGLISH

PROPERTY OF

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995
Item 10 (b) of the provisional agenda

REGIONAL PRIORITIES AND PROGRAMMES: ARAB COUNTRIES

Report by the Director-General

Summary

Provides information on the activities of the Arab Countries Programme in compliance with General Conference resolution GC.5/Res.13 and Industrial Development Board decision IDB.14/Dec.17.

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 4	2
Chapter			
I.	THE INDUSTRIAL SCENE IN THE ARAB REGION	5 - 6	2
II.	THE UNIDO RESPONSE	7	2
III.	REGIONAL ACTIVITIES	8 - 12	3
IV.	FRAMEWORK FOR PROGRAMME DEVELOPMENT	13 - 17	5
V.	COOPERATION WITH REGIONAL DEVELOPMENT INSTITUTIONS	18 - 19	6
VI.	UNIDO SUPPORT TO INDUSTRIAL DEVELOPMENT IN PALESTINE	20 - 21	6
VII.	FUNDING THE ARAB PROGRAMME	22 - 26	6
VIII.	OUTLOOK FOR THE CURRENT YEAR AND BEYOND	27 - 28	7
IX.	ACTION REQUIRED OF THE CONFERENCE	29	7
Annex: Projects approved and in the pipeline under the Arab Countries Programme			10

V.95 57182 (E) (b:\95\pmo.16)

Distr.: 20 October 1995

Introduction

1. The present report provides a revised version of document GC.6/9-IDB.14/15 by expanding on the information given in that document concerning the implementation of General Conference resolution GC.5/Res.13 and reporting on the implementation of Industrial Development Board decision IDB.14/Dec.17.

2. The bulk of resources and activities of the Arab Countries Programme are directed towards rendering industrial development services at the national level. The Special Programme for Industrial Development in the Arab Countries established by IDB decision IDB.5/Dec.26, constitutes only one, albeit important, element in the overall work programme of the Arab Countries Programme. The major component of the Programme is delivered at the country level.

3. The year 1994 witnessed significant developments affecting the Organization at large and, consequently, the Arab Countries Programme. In particular, there was a sharp decline in resources received from the United Nations Development Programme (UNDP) in the wake of the successor arrangements. Furthermore, the scope of activities of the Arab Countries Programme was curtailed by adverse political developments in some countries, bringing to a virtual halt UNIDO technical cooperation services in some traditionally important recipient countries. This deterioration of the external environment occurred at a time when the UNIDO Secretariat itself was undergoing a far-reaching structural reform process that reoriented the main thrust of the Organization towards the priorities of the Yaoundé Declaration (General Conference resolution GC.5/Res.20) and the medium-term plan, 1994-1999 (IDB.10/5).

4. Notwithstanding the unfavourable impact of the developments mentioned above, a concerted effort was made to compensate for shortfalls by mobilizing alternative sources of funding. In that respect, an important role was played by the Arab Countries Programme in taking advantage of the facilities of the Montreal Protocol. In 1994, funds secured from that source for the implementation of projects for the elimination of ozone-depleting substances in industrial plants in Arab countries amounted to $11,126,530, compared with only $1,603,630 in 1993. This increase is in line with one of the five development objectives of the Organization, namely environmentally sustainable industrial development.

I. THE INDUSTRIAL SCENE IN THE ARAB REGION

5. In the industrial sector the Arab countries over the last few decades has shared many of the attributes of other developing regions that have resulted in low productivity, uneven product quality, low returns on industrial investment and degradation of natural resources and production factors. These issues are being addressed at the national and regional levels through inputs and services rendered by the Arab Countries Programme.

6. Given its historical background and recent changes in the global scene, the industrial sector in the Arab countries has been currently compelled to undergo important qualitative changes. Rehabilitation of the sector includes the following approaches:

(a) Achieving gains in productivity, product design, production technologies, quality control and marketing;

(b) Restructuring and privatizing industrial enterprises;

(c) Emphasizing export promotion;

(d) Establishing/enhancing the institutional and legal framework for a sound market economy;

(e) Establishing a common market for regional investments and industrial products;

(f) Promoting environmentally sound industrial activity throughout the region.

II. THE UNIDO RESPONSE

7. The situation mentioned in paragraph 3 above, both within the region and world-wide, has created new challenges and needs for Arab countries besides those traditionally addressed by UNIDO. UNIDO has responded to these needs by increased focus on the following issues:

(a) **Privatization**: Practically all Arab States are currently committed to privatizing their industries as a precondition to economic rehabilitation and structural adjustment programmes. Experience so far has shown that this is a complex process fraught with many technical, managerial, financial and social risks. Furthermore, a precondition for privatization is often the rehabilitation of the industrial enterprises that have displayed poor performance but worthwhile potential. Rehabilitation is a specialized process that calls for technical and managerial expertise as well as for sensitivity to local labour, product markets and the likely interests of local and foreign potential investors. An example of such activities is the involvement of UNIDO as the technical implementing agency of the World Bank privatization programme in the Sudan. UNIDO is also in

the process of drawing up a comprehensive privatization programme in Yemen.

(b) **Job creation**: Unemployment is another problem that threatens to have serious consequences in densely populated countries. Unemployment among educated youth, up to university level, is relatively more widespread than among less-educated groups. The problem is aggravated by the drastic reductions in the active labour force that usually accompany economic restructuring and privatization. An example of activities aimed at job creation is the involvement of UNIDO in the Sudan. The Organization is implementing agency for the United Nations Population Fund in a programme on income-generating activities for women at Shendi village and for the United Nations Children's Fund for procurement of hand pumps. Likewise, with the same aim, in Lebanon a number of projects funded from the Special Industrial Services programme are under implementation in the fields of identification of appropriate technological options, standardization and quality control, development of the construction sector and industrial investment. A study was also carried out and a workshop convened at Amman, Jordan, together with UNDP and the Economic and Social Commission for Western Asia (ESCWA) to identify specific strategies and a course of action to enhance the participation of women in manufacturing employment in the countries of the ESCWA region.

(c) **Competitiveness**: With trade liberalization, Arab products need to achieve a quantum leap in quality and price reduction to have a place in world markets. Arab industry needs more emphasis on improvement of product design, modern production technologies, quality management, marketing and reduction of operating costs. This involves upgrading human resources, helping in technology selection and acquisition, improving management approaches and market research. With UNIDO assistance, an important programme was launched in late 1994 in Tunisia in support of improved competitiveness of that country's manufacturing industries with emphasis on quality control measures throughout the production process. This activity is expected to be expanded to cover Morocco. Similarly, a new project was elaborated and approved in 1994 to identify new technologies for strengthening the competitiveness of Lebanese industries. Technical assistance was provided to the Moroccan fisheries quality control laboratories to assure the quality of exports, particularly to Europe. Implementation also continued for the establishment of a computer-assisted design centre for the textile industries in the Syrian Arab Republic. Another project aims at assisting the Queen Noor Al Hussein Foundation in Jordan to improve the competitiveness of products in garments and footwear industries through cost reduction, quality control and improved packaging.

(d) **Environmental protection and pollution control**: In 1994-1995 a total of four projects were approved for phasing out ozone-depleting substances in Egypt, while six large-scale projects with the same aim were approved—three in Jordan and three in the Syrian Arab Republic. Preparatory assistance provided to Algeria led to a major investment project for the refrigerator industry. Financing for all those projects was secured from the Multilateral Fund for Implementation of the Montreal Protocol. As a follow-up to the UNIDO Conference on Ecologically Sustainable Industrial Development (ESID) held in 1991, a first large-scale policy project was launched in Morocco. It will contribute to reorienting the environment policies of the country in support of a national ESID strategy. Also in Morocco, the potential use of solar energy in rural areas was investigated as part of the national electrification strategy. In carrying out these activities, close cooperation was maintained with the Environment and Energy Branch, which coordinates the work of the Organization related to environmental protection and pollution control.

III. REGIONAL ACTIVITIES

Regional cooperation and regional projects

8. Regional cooperation, not only at the national but also at the enterprise level, is engaging the attention of decision makers in the Arab countries. UNIDO, on the basis of its experience in subcontracting, is well qualified to expand and deepen the scope of this approach at the regional level and particularly in helping individual entrepreneurs to establish cross-country co-production agreements up to the level of integration. By the end of August 1995, a total of 22 regional projects with a net worth of $1,624,469 had been approved for the present biennium, thus significantly surpassing the amount allocated for the Arab Countries Programme.

Activities within the Second IDDA

9. In 1994, a project was approved under the programme for the Industrial Development Decade for Africa (IDDA), consisting of workshops for the enhancement of national project execution capabilities through the development of industry-related and consulting services for three North African countries, namely Algeria, Morocco and Tunisia. The project aims to assist the Governments and the private sector of these countries in the formulation of a medium-term integrated programme to enhance national project execution capabilities through the development of industry-related and consulting services.

10. Efforts have also been initiated to complete and update the national programmes for the African countries developed under the programme for the Second IDDA. As a first step towards the revision of the national programmes for Algeria, Djibouti, Egypt, Libyan Arab Jamahiriya, Morocco, Somalia, Sudan and Tunisia, an innovative common format will be adopted that, *inter alia*, takes full account of the availability of financial resources.

11. Also within the Second IDDA, feasibility studies and preparatory activities were approved for Sudan aimed at exploring the use of medicinal plants and aromatic herbs for the development of the pharmaceutical industry. With respect to increasing training capacity in the region, preparatory assistance was approved for a training centre located in Tunisia for shoe design.

Special Programme for Industrial Development in Arab countries

12. Apart from activities at the national level, and in compliance with General Conference resolution GC.5/Res.13 on the Special Programme for Industrial Development in the Arab Countries, operational activities of the Special Programme have been refocused on the key priority areas identified by that resolution within the context of the draft medium-term plan, 1994-1999, and the five development objectives of the Organization. Initiatives were taken to conceive and implement an integrated and coherent set of programme/project activities at the regional level for Arab countries. The resource allocation for the regional activities is on a biennial basis, with project approvals occurring throughout the 1994-1995 biennium. Some of these activities are highlighted below.

(a) Human resource development

(i) A four-day capacity-building regional workshop will be held on technology transfer negotiations in the Arab countries, at Amman, Jordan, in October 1995. Some 50 participants are expected from Egypt, Iraq, Jordan, Lebanon, Syrian Arab Republic and Yemen, including government officials, private sector entrepreneurs and science and technology community research directors. The event will be hosted by the Higher Council for Science and Technology in Jordan.

(ii) A regional 10-day workshop on maintenance of industrial boilers for Arab least developed countries (LDCs) through application of basic maintenance management was held at Cairo, Egypt, in June 1995. The workshop was attended by some 20 participants from Arab LDCs (Mauritania, Sudan, Yemen), the Arab Industrial Development and Mining Organization (AIDMO) and the Islamic Development Bank (IsDB). The event was hosted by the Development Performance Improvement Centre at Cairo.

(b) Development of national and regional technological capacities

(i) An assessment of instrumentation facilities and services available in the countries of the Western Asian region was carried out by a consultant. The assignment covered Jordan, Lebanon, Palestine and the Syrian Arab Republic.

(ii) A four-day meeting on cooperation in the field of catalysts in the Middle East and North Africa took place at Istanbul, Turkey, 25 to 28 September 1995, attended by some 30 participants. Invitations were extended to Algeria, Bahrain, Egypt, Iraq, Kuwait, Libyan Arab Jamahiriya, Morocco, Qatar, Saudi Arabia, Turkey and United Arab Emirates as well as AIDMO, the Cooperation Council for the Arab States of the Gulf (GCC), the Gulf Organization for Industrial Consulting (GOIC), IsDB, the League of Arab States (LAS) and the Organization of Arab Petroleum Exporting Countries (OAPEC).

(c) Upgrading the competitiveness of industrial products

(i) A four-day workshop, hosted by GCC, will be held on the development of cooperation and production of machine tools in the Gulf region, at Dubai, United Arab Emirates, in November 1995. Some 30 participants are expected. Invitations have been extended to Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates as well as AIDMO, the Arab Iron and Steel Union (AISU), the Council of Arab Economic Unity (CAEU), GCC, GOIC and IsDB. Foreign partners invited include Brazil, China, France, Germany, India, Italy, Japan and Republic of Korea.

(ii) A 12-day workshop on productivity in industrial establishments organized in cooperation with AIDMO will be held at the Management and Development and Productivity Centre, Damascus, Syrian Arab

Republic, in November 1995. Some 35 participants are expected.

(d) Standardization and quality control

(i) A project of preparatory assistance for the assessment of total quality management (TQM) systems in the textile industry in the Arab region is to be carried out in cooperation with AIDMO. Countries included in the study are: Egypt, Morocco and Sudan. The final meeting on the subject will be held at Rabat, Morocco.

(ii) A three-day regional seminar on ISO 9000, quality management and quality assurance standards, guidelines and impact on the industrial sector was held at Beirut, Lebanon, in January 1995, in cooperation with ESCWA. It was co-sponsored by AIDMO, Arab Federation of Food Industries (AFFI), Association of Lebanese Industrialists and International Organization for Standardization (ISO). The participants included Arab national organizations of standardization and other Arab industrial associations, federations and agencies.

(e) Industrial management information

A 10-day training workshop on the application of the Computer Model for Feasibility Analysis and Reporting (COMFAR) in investment project appraisal was held at Beirut, Lebanon, in August 1995. The workshop was attended by some 25 participants from Lebanon and other AIDMO member countries.

(f) Food security through the development of agro-industries

(i) A four-day regional workshop on the development of the agro-related metal-working sector for Arab countries will be held in cooperation with AIDMO in Rabat, Morocco, in the fourth quarter of 1995. Some 30 participants are expected from AIDMO member countries, the Regional Network for Agricultural Machinery, Bangkok, Thailand, and the Food and Agriculture Organization of the United Nations.

(ii) A three-day expert group meeting on regional strategies for the development of marine agricultural and industrial biotechnology in the Arab region will be held at Abu Dhabi, United Arab Emirates, in the fourth quarter of 1995, in cooperation with ESCWA and the Islamic Foundation for Science, Technology and Development. Invitations have been extended to 14 national experts, representatives of regional organizations and IsDB.

(iii) A four-day workshop organized in cooperation with AIDMO will be held at Rabat, Morocco, in November 1995, to assess the technical assistance needs of the sugar industry in the Arab region. The study will cover Egypt, Morocco, Sudan and the Syrian Arab Republic. Some 20 participants are expected.

IV. FRAMEWORK FOR PROGRAMME DEVELOPMENT

13. To consolidate the activities of the Arab Programme in an integrated and synergetic framework, two analytical studies were carried out that are expected to establish ongoing and future activities on a firm foundation and thus ensure optimum response to the changing situation and emerging needs in the region.

14. The first study—a programming strategy for UNIDO support of industrial development in the Arab countries—develops a coherent and focused strategy for the future activities of the Programme based on an in-depth analysis of regional and global industrial trends, the comparative advantages of UNIDO, its core competence and recent experience in planning and implementing activities in the region. Based on that assessment, the priority needs are identified particularly with respect to privatization and private sector development; rehabilitation of industrial enterprises; achieving international competitiveness; gaining access to technology; generating employment and implementing regional cooperation activities.

15. Significantly, the study develops some new approaches in meeting the emerging challenges, notably in identifying innovative working modalities with private sector enterprises, in delineating specific requirements for speedy responses to emerging windows of opportunity, in leveraging financial resources and finally in defining arrangements for closer working relations with regional and subregional organizations.

16. The second study is a detailed analysis of the potential for Arab cooperation in industrial development. It highlights the major changes occurring at present in the industrial sector world-wide, pinpoints specific problems and constraints encountered in fostering industrial cooperation among Arab countries and identifies remedial measures. The study contains

concrete proposals and an action programme for regional cooperation with respect to a wide spectrum of fields from investment and joint venture arrangements to environment and industrial pollution control. The recently finalized study was conducted in close cooperation and coordination with AIDMO.

17. In carrying out the above studies, close cooperation was maintained and intensified with various regional and subregional organizations and development fund agencies, as described below.

V. COOPERATION WITH REGIONAL DEVELOPMENT INSTITUTIONS

18. Following the conclusion of a trilateral cooperation agreement signed in February 1994 with ESCWA and AIDMO in which the further strengthening of ties through the implementation of joint activities was envisaged, a number of concrete steps have already been taken. Thus, most of the programme and project elements of the regional activities referred to in paragraph 12 above have been conceived jointly and cost-sharing arrangements agreed upon. They have been or will be implemented with active involvement of the collaborating organizations. This is the case in particular of capacity-building programmes in technology transfer negotiation, the regional seminar on ISO 9000 and TQM, and the meeting on strategies for development of marine agricultural and industrial biotechnology that are carried out jointly with ESCWA. An assessment of the implications of the Uruguay Round Agreements for Arab industry will be conducted with ESCWA and AIDMO. Examples of collaborative arrangements with AIDMO are: a workshop on productivity in industrial establishments; an assessment of technical cooperation needs of the sugar industry in the region; and a workshop on maintenance of industrial boilers for Arab LDCs.

19. With respect to the League of Arab States, an agreement was signed in June 1994 in which the following areas of cooperation were identified: development and transfer of technology; regional development and location of industries; forecasting of trends in industrial production in the region; industrial policies and strategies; direct technical cooperation to industry in the region; management of industrial surveys; and training of industrial manpower. In that respect, concrete proposals for joint activities were submitted by UNIDO to the substantive departments of the Arab League, particularly in the fields of environment, petrochemical industry and industrial statistics.

VI. UNIDO SUPPORT TO INDUSTRIAL DEVELOPMENT IN PALESTINE

20. In the context of UNIDO efforts to promote socio-economic development through sound and sustainable industrial development, a programming strategy for services to the Palestinian people has been prepared to support industrial development in the West Bank and Gaza Strip in ways that will improve living standards and welfare. The programming strategy is based on an analysis of the current features and structure of the Palestinian industrial sector, short- and medium-term prospects for and constraints to industrial development, the primary needs of the sector, and the explicit policies and priorities for industrial development articulated by the Palestinian National Authority. In line with the programming strategy, UNIDO would provide technical cooperation in the following areas:

(a) Private sector development for industry;

(b) Development of small- and medium-scale enterprises;

(c) Human resource development for industry;

(d) Acquisition and application of new technologies to enhance competitiveness;

(e) Industrial regional cooperation and integration.

21. Within the context of that programming strategy, 14 technical cooperation project concepts were identified and discussed with the Palestinian National Authority and industrialists. These project concepts were listed in the "Note on discussions between the Palestine Liberation Organization acting for the benefit of the Palestinian Authority and UNIDO on technical assistance to the Palestinian people" signed in July 1994. All projects fall within the above areas of cooperation.

VII. FUNDING THE ARAB PROGRAMME

22. Information on the financial constraints faced by the Arab Countries Programme and some of the successful efforts in mobilizing funds is given in paragraphs 3 and 4 above.

23. In order to solicit and secure contributions towards the financing of both regional and country level activities working relationships have been established with IsDB, the Arab Fund for Economic and Social

Development and the Kuwait Fund for Arab Economic Development. Initial contacts have also been made with the Vienna-based OPEC Fund for International Development and the Abu Dhabi Fund for Development.

24. To augment the potential resources available for the process of industrialization in the Arab countries, efforts were continued to establish Investment Promotion Service (IPS) offices in Egypt, Saudi Arabia and Tunisia, and an IPS office will soon be inaugurated in Bahrain. In-depth negotiations were conducted with the respective authorities to establish the practical modalities for the setting up of, and determine the operational requirements for these IPS offices.

25. UNIDO budget appropriations for the 1994-1995 biennium for financing of Arab regional activities amount to some $500,000, although their net worth is considerably higher in view of cost-sharing and financial contributions by collaborating agencies. Other sources of funding, such as special-purpose contributions to the Industrial Development Fund, regional finance institutions and recipient cost-sharing arrangements, have also been tapped for most of the regional activities mentioned above. Some activities were also financed under IDDA (see paras. 9-11 above).

26. The annex (section A) to the present document provides a detailed breakdown of all projects, national and regional, approved in 1994 showing 41 projects with a total value of $13.318 million. The Arab Programme was further strengthened through additional staffing resources in both Professional and General Service categories; the field representation of the Programme was also increased through the creation and staffing of one additional UNIDO Country Director post at Beirut, Lebanon, which also covers the Syrian Arab Republic and Jordan. The recent growth in resource availability secured for the Arab Countries Programme is illustrated in figures 1 and 2 below which show the new approvals of projects in the three-year period 1992-1994 and a breakdown by source of funds for 1994.

VIII. OUTLOOK FOR THE CURRENT YEAR AND BEYOND

27. Activities will continue to focus on policy advisory services to Governments, private sector enterprises and regional organizations on the one hand and the identification and formulation of subsectoral programmes and projects at regional and national levels on the other. To this effect, the first set of five in-depth investigations will be undertaken as UNIDO Country Support Strategies on Egypt, Lebanon, Morocco, Syrian Arab Republic and Tunisia. With respect to regional prgrammes and projects that are conceived on a biennial basis, implementation of projects approved in late 1994 will continue as well as efforts to secure the approval of the remaining components of the regular budget-funded package of regional activities. In this context, most of the activities pertaining to the Special Programme for the Industrial Development of the Arab Countries will be carried out in close cooperation with collaborating agencies, in particular AIDMO and ESCWA. A series of industrial sector programme review missions is also planned for some Arab countries. They will be undertaken by UNIDO staff who have technical and managerial expertise of relevance to the priorities of each country. In view of budgetary constraints, the missions will be fielded on a selective basis. As a result of all these efforts, the net approvals for the period 1 January - 31 August 1995 amounted to $19,610,874 with 41 new project approvals (see annex, section B). As of 31 August 1995, pipeline projects remaining under the Arab Programme numbered 78 (see annex, section C).

28. Looking beyond the immediate future and into the remainder of the current millennium, the inevitable decrease and, in some instances, depletion of external sources such as those from the Montreal Protocol and UNDP, unmistakably point towards the resources of the region as the mainstay of finance for UNIDO services in support of industrial development in the Arab countries. With the exception of the Arab least developed countries, it is envisaged that there will be a gradual shift to more self-financed and cost-sharing arrangements with the recipient clients and countries. The expected projects and programmes to be generated will centre around the priorities identified by the aforementioned strategy paper (see paras. 14-15 above) and those of the development objectives of the Organization.

IX. ACTION REQUIRED OF THE CONFERENCE

29. The Conference may wish to take note of the information contained in the present document and to provide guidance for further action.

Figure 1. New approvals in 1992, 1993 and 1994 for the Arab region
(In thousands of US dollars)

	1992	1993	1994
Arab region	3,790	9,424	13,318

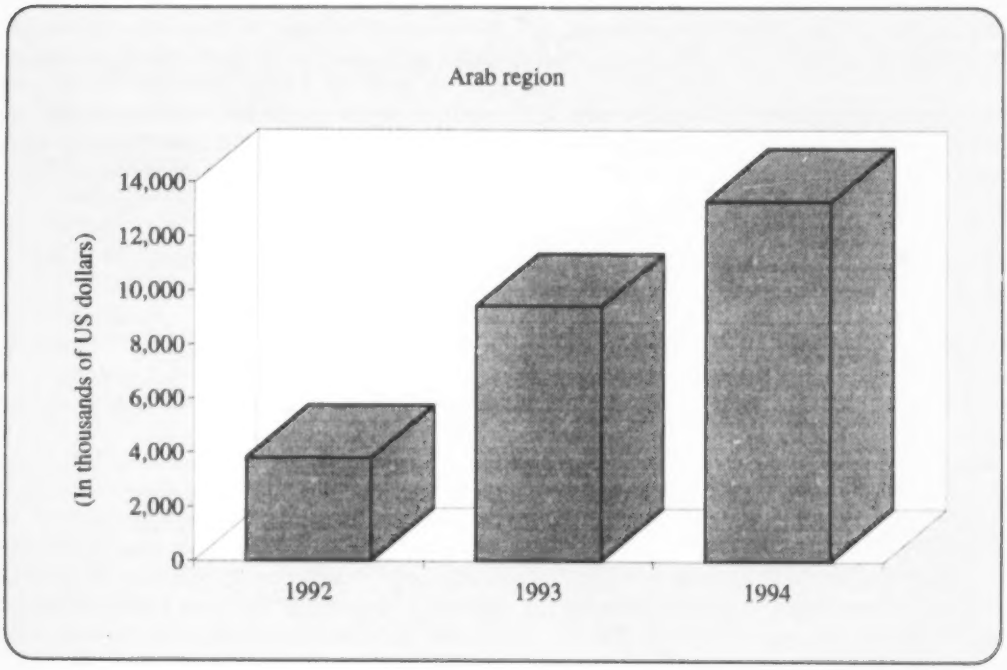
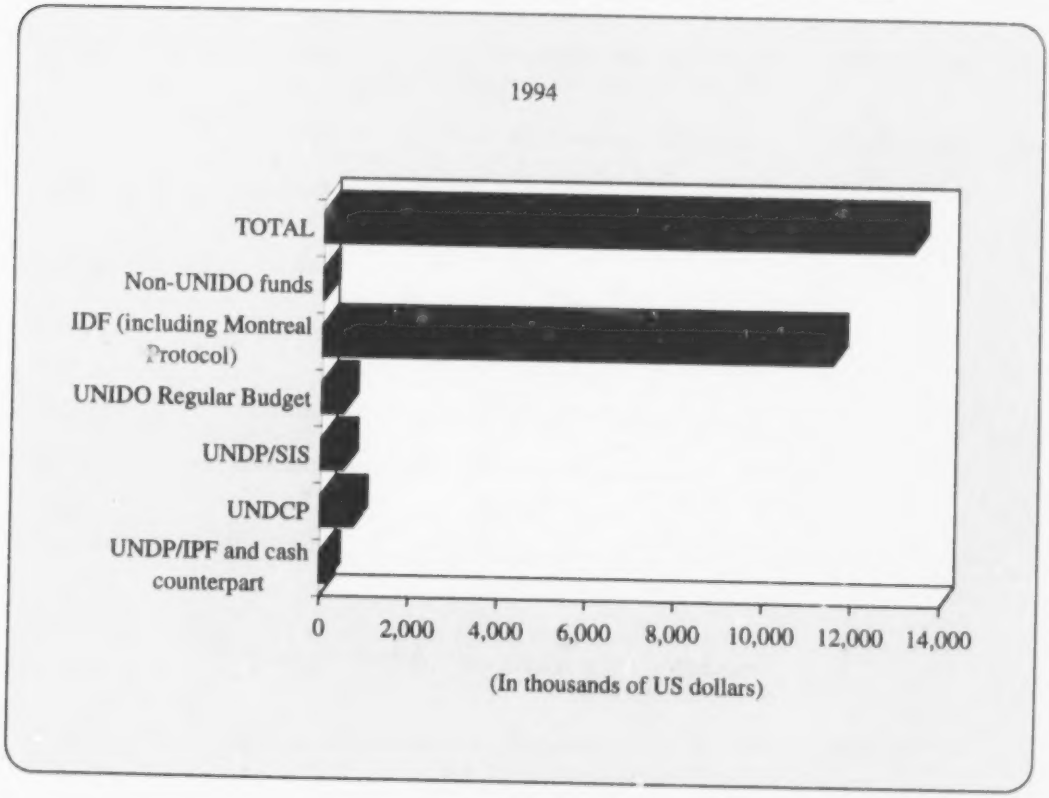


Figure 2. New approvals for Arab States by sources of funds, in 1994
(In thousands of US dollars)

Source of funds	1994
UNDP/IPF and cash counterpart	121
UNDCP	720
UNDP/SIS	479
UNIDO regular budget	465
IDF (includes Montreal Protocol)	11,522
Non-UNIDO funds	10
TOTAL	13,318



Annex

PROJECTS APPROVED AND IN THE PIPELINE UNDER THE ARAB COUNTRIES PROGRAMME

A. Projects approved in 1994

Country	Project number	Project title	Total project allotment [a]
			(US$)
Algeria	DP/ALG/93/008	Support for the development of concerted industrial strategies	101,900
Algeria	MP/ALG/94/406	Preparatory assistance for elimination of CFCs in manufacturing domestic refrigerators and freezers at the National Enterprise for Household Appliance Industries, ENIEM	25,000
Algeria	MP/ALG/94/409	Preparatory assistance for phase-out of CFCs in the manufacture of aerosols and solvents at ENAD	25,000
Bahrain	US/BAH/94/029	Industrial Programme Coordinator	100,000
Djibouti	XP/DJI/94/044	Support for the project to create an industrial free zone at Djibouti	46,000
Egypt	BD/EGY/94/769	Assistance to law enforcement	668,100
Egypt	MP/EGY/94/414	Preparation of investment projects on ODS phase-out for four additional refrigerator manufacturers	15,000
Egypt	MP/EGY/94/415	Phasing out ODS at the Electrostar for Refrigeration Co.	1,450,585
Egypt	MP/EGY/94/416	Phasing out ODS at the Kirizai Refrigerators Manufacturing Co.	1,643,040
Egypt	MP/EGY/94/417	Phasing out ODS at the refrigerator plants of Delta Industrial Co.	2,611,986
Egypt	SI/EGY/94/801	Advice in formulating a strategy and outline for the establishment of a research and development centre on synthetic fibres	50,000
Jordan	MP/JOR/94/418	Phasing out ozone depleting substances (ODS) at Middle East Electrical Industries Co. Ltd.	883,153
Jordan	MP/JOR/94/419	Phasing out ozone depleting substances (ODS) at the National Refrigeration Company	813,887
Jordan	MP/JOR/94/420	Phasing out of ozone depleting substances (ODS) at the Household Appliances Manufacturing Co. Ltd.	775,602
Jordan	SI/JOR/94/801	Immediate assistance to secure the sustainability of the industrial subcontracting and partnership exchange in Jordan (JSPX)	80,000

[a] Represents budget for the whole life-span of the project (not only for 1994).

Country	Project number	Project title	Total project allotment
			(US$)
Jordan	SI/JOR/94/802	Biodegradation of organic pollutants originating from pharmaceutical industry	55,000
Jordan	SI/JOR/94/803	Assistance to the Queen Noor Al Hussein Foundation	36,100
Lebanon	SI/LEB/94/801	Identification of new technologies for strengthening the competitiveness of Lebanese industry	50,000
Lebanon	SI/LEB/94/802	Proposal regarding measures to be adopted with the Lebanese Ministry of Industry and Petroleum in the area of industrial investment to develop the construction sector	75,938
Morocco	SI/MOR/94/801	Urgent assistance to the Kingdom of Morocco to start up the Agadir fisheries industrial product quality control laboratory	100,000
Morocco	US/MOR/92/095	Programme for ecologically sustainable industrial development (ESID)	95,000
Morocco	XP/MOR/94/080	High-level visit from the Caisse National du Credit Agricole (CNCA) of Morocco	3,974
Qatar	SI/QAT/94/801	High-level advisory services for free trade zone in Qatar	32,400
Regional Arab	US/RAB/93/096	Opportunity study-market analysis and conceptual plan for the establishment of a plant to manufacture machine tools in Gulf Cooperation Council member countries	200,000
Regional Arab	XP/RAB/94/003	Workshop on country and investment projects promotion in the Arab Countries	11,100
Regional Arab	XP/RAB/94/021	Seminar on the Development of Industrial Cooperation between the Gulf Cooperation Council Member States in Small and Medium-Scale Industries, Muscat, Oman, November 1994	35,250
Regional Arab	XP/RAB/94/032	Training workshop on the application of computer model for feasibility analysis and reporting (COMFAR) in investment project appraisal, Beirut, Lebanon, 5-16 December 1994	42,850
Regional Arab	XP/RAB/94/050	Feasibility study for the establishment of an Arab Centre for Multidisciplinary Materials Research (ACMMR)	20,000
Regional Arab	XP/RAB/94/066	Workshop on regional cooperation on ecologically sustainable industrial development (ESID) strategies in the Maghreb Region, Rabat, Morocco	45,000
Regional Arab	XP/RAB/94/074	Participation of women in manufacturing: Patterns, determinants and future trends — Regional analysis, ESCWA Region	11,800
Regional Arab	XP/RAB/94/079	Workshop to assess the technical assistance needs of the sugar industry in the Arab Region, Rabat, Morocco, September 1995	53,500

Country	Project number	Project title	Total project allotment
			(US$)
Regional Arab	XP/RAB/94/116	Regional seminar on ISO 9000, quality management and quality assurance standard, guidelines and impact on the industrial sector	11,800
Regional Arab	XP/RAB/94/130	Assistance in convening of the Arab Regional Meeting of Ministers of Industry to discuss challenges, tasks and prospects of future industrial development in the region	30,000
Regional Arab	XA/RAB/94/628	Workshops on the enhancement of national project execution capabilities through the development of industry-related and consulting services in Tunisia, Algeria and Morocco	94,100
Saudi Arabia	XP/SAU/94/076	System design assistance to the Ministry of Industry and Electricity	26,000
Saudi Arabia	XP/SAU/94/150	Visit of high-level delegation from the Ministry of Industry and Electricity, Kingdom of Saudi Arabia	20,534
Saudi Arabia	GC/SAU/93/001	The National Measurement and Calibration Laboratory (NMCL)	19,504
Sudan	XP/SUD/94/200	National Africa Leather & Footwear Industry Scheme (NALFIS), Part of the Regional Africa Leather & Footwear Industry Scheme (RALFIS)	13,061
Syrian Arab Republic	MP/SYR/94/412	Phasing out of CFCs at Al Hafez Refrigerator Company	2,883,277
Tunisia	BD/TUN/94/617	Assistance in control of drug traffic	52,190
Yemen	DG/YEM/94/001	Development of the Aden Free Zone (input to support the strategic planning exercise)	10,000
		Total	13,317,631

B. Projects approved in 1995
(as at 31 August 1995)

Country	Project number	Project title	Total project allotment
			(US$)
Algeria	MP/ALG/95/025	Investment project for phasing out CFCs at Enterprise Nationale des Industries de l'Electroménager (ENIEM)	6,589,550
Algeria	MP/ALG/95/026	CFC phase-out in the production of rigid foam at BATIMETAL	25,000
Algeria	MP/ALG/95/027	Preparation of an investment project for the phase-out of CFC-11 in the manufacture of sandwich panels at Posider (Annaba-Algeria)	25,000
Algeria	MP/ALG/95/028	Project formulation for establishment of a National Centre for Recovery and Recycling of CFC-11, CFC-12 and CFC-502	25,000
Algeria	MP/ALG/95/123	Investment project for phasing out of CFCs at ENAD	109,900
Algeria	MP/ALG/95/130	Project formation for phasing out ODS in small- and medium-scale industries	75,000
Egypt	MP/EGY/95/038	Phasing out ODS at the ALASKA, Helwan Company for Metallic Appliances, IBERNA, El Nasr Company for Electrical and Electronic Apparatus, SILTAL and SUPER BOSCH domestic refrigeration plants	5,496,772
Iraq	TF/IRQ/95/001	Preparatory assistance: Rehabilitation of the chlorine plant at Basrah, Iraq — Preparatory assistance	25,000
Jordan	MP/JOR/95/009	Preparatory assistance for investment projects in commercial refrigeration, air conditioning, foam and halon sectors	50,000
Lebanon	MP/LEB/95/070	Project formulation for the phase-out of ODS in the aerosol sector (Cosmaline Industries SAL)	15,000
Lebanon	MP/LEB/95/071	Project formulation for the phase-out of ODS in the foam sector (ETS Henri Abdallah and Nasri Karam)	20,000
Lebanon	MP/LEB/95/072	Project formulation for the phase-out of ODS in the refrigeration sector (Weather-Mate and Opaco Ltd.)	15,000
Lebanon	SL/LEB/95/803	Assistance in standardization and quality control	26,000
Palestine	UC/PAL/95/063	Preparatory assistance to assess the needs for a garment industry support facility	10,200
Palestine	XP/PAL/95/011	Preparatory assistance for the formulation of an industrial strategy and support programme	42,000
Palestine	XP/PAL/95/031	Preparatory assistance for the formulation of a technical cooperation package in support of the Palestinian Chambers of Commerce and Industry	8,000

Country	Project number	Project title	Total project allotment
			(US$)
Palestine	XP/PAL/95/032	Workshop on planning, implementation and monitoring of public investment projects, West Bank and the Gaza Strip, 17-29 June 1995	30,500
Palestine	XP/PAL/95/033	Training seminar on industrial project preparation and appraisal, West Bank and the Gaza Strip, 5-31 August 1995 and 4-30 November 1995	72,660
Palestine	XP/PAL/95/034	Assistance in establishment of the Palestine Standards Organization	7,000
Palestine	XP/PAL/95/040 same as US/PAL/95/050	Preparatory assistance: Support to the development of small- and medium-scale enterprises (SMEs)	59,300
Regional Arab	PD/RAB/92/002	Formulation of a project aimed at developing and supporting small and medium industries in Bahrain	35,000
Regional Arab	US/RAB/93/150	Setting up an information centre at the Secretariat General of Chambers of Commerce, Industry and Agriculture for Arab Countries	110,619
Regional Arab	XP/RAB/94/113	Assessment of instrumentation facilities and services available in the countries of the Western Asian Region	24,500
Regional Arab	XP/RAB/94/117	Regional workshop on maintenance of industrial boilers for Arab LDCs in Cairo, Egypt, 5-16 June 1995	30,000
Regional Arab	XP/RAB/94/123	Regional workshop on the development of the agro-related metal-working sector for the Arab countries	115,550
Regional Arab	XP/RAB/95/006	Meeting on cooperation in the field of catalysts in Middle East and North Africa, Istanbul, Turkey, 15-18 May 1995	55,000
Regional Arab	XP/RAB/95/007	Workshop for the development of cooperation and production of machine tools in the Gulf region, Dubai, United Arab Emirates, 20-23 November 1995	23,400
Regional Arab	XP/RAB/95/017	Capacity-building programme in technology transfer negotiations in the Arab countries, phase I: Regional training workshop, Amman, Jordan, September 1995	60,000
Regional Arab	XP/RAB/95/079	Middle East economic conference investment forum, Amman, Jordan, October 1995	293,000
Regional Arab	XP/RAB/95/080	Industrial sector programme review missions to Palestine, Syrian Arab Republic and Morocco	43,700
Saudi Arabia	XP/SAU/95/052	Pilot relational database management system at the Ministry of Industry and Electricity	286,457
Sudan	MP/SUD/95/035	Preparation of investment projects in the refrigeration, aerosol and foam sectors	50,000

Country	Project number	Project title	Total project allotment
			(US$)
Sudan	XA/SUD/95/613	Preparatory assistance for the industrial utilization of medicinal and aromatic plants in Sudan	40,300
Syrian Arab Republic	DP/SYR/92/009	Introduction of computerized managed maintenance systems (CMMS) into basic industrial sectors	518,750
Syrian Arab Republic	MP/SYR/95/006	Preparation of investment projects for phasing out of CFC-11 from the subsector of flexible foams manufacturing	20,000
Syrian Arab Republic	MP/SYR/95/007	Preparation of investment project for phasing out of CFC-11 from the manufacturing of pre-fabricated sandwich panels at Krayem Cold Stores Co.	15,000
Syrian Arab Republic	MP/SYR/95/008	Preparation of investment project for phasing out of CFCs in manufacturing of refrigerators at Krayem Int. Co.	15,000
Syrian Arab Republic	MP/SYR/95/041	Investment project for phasing out of CFCs at Penguin (Syrian Batric Co.)	1,719,900
Syrian Arab Republic	MP/SYR/95/042	Investment project for phasing out CFCs at Barada, General Company for Metallic Industry	989,650
Tunisia	DG/TUN/94/002	Modernization of Tunisian industries with emphasis on quality (MITAQ)	391,000
Tunisia	MP/TUN/95/140	Preparation of investment projects in the aerosol, foam, domestic refrigeration, and solvent sectors	30,000

C. Pipeline projects, 1994 and 1995
(as at 31 August 1995)

Country	Project number	Project title	Total project allotment
			(US$)
Algeria	DP/ALG/95/001	Machine tools	200,000
Bahrain	NC/BAH/94/01D	TSS-1: Sectoral study on industrial development	89,000
Bahrain	SF/BAH/95/001	Establishment of a garment industry training facility at the Bahrain Training Institute (BTI)	504,476
Bahrain	XX/BAH/95/X03	Introduction of total quality management and ISO 9000 standards	167,600
Djibouti	NC/DJI/95/X01	Master plan for mineral resources development	58,000
Egypt	XX/EGY/94/X06	Operational unit for the Ministry of Industry, Egypt	195,000
Egypt	NC/EGY/94/X07	Integrated leather industry development programme in Egypt	48,000
Egypt	US/EGY/95/059	Advisory assistance in the creation of the industrial management and business opportunities support services (IMBOSS)	105,000
Egypt	XX/EGY/95/X03	Assistance to the social fund for development in promoting small-scale leather-based industries in Egypt	871,500
Egypt	XX/EGY/95/X04	Training-cum-service centre for the footwear industry in Ismailia	89,375
Egypt	XX/EGY/95/X05	Assistance for the modernization of the glue manufacturing plant at MISR Tanning Company in Cairo	48,000
Egypt	XX/EGY/95/X07	Preparatory assistance to Social Fund for the Development of Small Enterprises in Egypt with special emphasis on rural SMEs	66,000
Iraq	DP/IRQ/95/001	Rehabilitation of the chlorine plant at Basrah, Iraq	1,655,200
Jordan	NC/JOR/95/X04	Modernization of the pharmaceutical sector in Jordan as per GMP and FDA requirements	122,000
Lebanon	XX/LEB/94/X05	Agro-industrial development of the Baalbeck-Hermel area	26,000
Lebanon	XX/LEB/94/X07	Assistance in the field of investment promotion	235,000
Lebanon	DP/LEB/95/X01	Assistance to LIBNOR	1,000,000
Lebanon	NC/LEB/95/010	Development of small and medium enterprises	56,000
Lebanon	XX/LEB/95/X01	Assistance in the establishment of an industrial technological information service	250,000

Country	Project number	Project title	Total project allotment
			(US$)
Libyan Arab Jamahiriya	XX/LIB/94/X01	PDF support to UNIDO sectoral mission to Libya	20,000
Morocco	US/MOR/94/113	Assistance to the Kingdom of Morocco to preserve the quality of fisheries products at the three most important points in the production chain: vessels, ports and processing units	975,000
Morocco	US/MOR/94/114	Assistance to the Kingdom of Morocco to preserve the quality of catches on board coastal fishery vessels	357,000
Morocco	US/MOR/94/115	Assistance to the Kingdom of Morocco to preserve the quality of marine products in fishing ports	293,000
Morocco	XX/MOR/94/X05	Finalization of studies and installation of pilot equipment for the utilization of fish waste by biotechnological means	155,000
Morocco	SF/MOR/95/X01	Institutional capacity-building for establishing a case within CDER (Centre de développement des énergies renouvelables)	5,000,000
Palestine	XX/PAL/94/X04	Training of technicians to maintain electro-mechanical and other equipment	200,000
Palestine	XX/PAL/94/X08	Environmentally-sound municipal refuse waste management	80,000
Palestine	XX/PAL/94/X10	Training programme on construction management for contractors in the Gaza Strip	75,000
Palestine	US/PAL/95/064	Introduction to modern methods of footwear manufacture	125,800
Palestine	XX/PAL/95/X07	Promotion of renewable energy application in Palestine	75,000
Palestine	XX/PAL/95/X08	Preparatory technical assistance for development of a policy, strategy and an integrated human resource development programme for industry for Palestine	166,664
Palestine	XX/PAL/95/X09	Development of SME	1,500,000
Palestine	XX/PAL/95/X10	Support to the Chamber of Commerce and Industry	350,000
Palestine	XX/PAL/95/X11	Development of the garment industry	90,000
Palestine	XX/PAL/95/X12	Establishment of a standards and control body	450,000
Qatar	XX/QAT/95/X01	Feasibility and investment study for the Qatari General Petroleum Corporation	900,000
Regional Arab	TF/RAB/94/001	Workshops on the enhancement of national project execution capabilities through the development of industry-related and consulting services in Tunisia, Algeria and Morocco	45,000
Regional Arab	XP/RAB/94/X02	Environmental workshop on issues related to the formulation of the multilateral fund financed projects	67,156

Country	Project number	Project title	Total project allotment
			(US$)
Regional Arab	XP/RAB/94/X16	Workshop for the development of entrepreneurship through the introduction of selected prototypes in priority areas to be organized jointly by the Government of Egypt and UNIDO in Cairo	30,000
Regional Arab	XP/RAB/94/034	Workshop on top management in industry (Amman, Jordan)	25,000
Regional Arab	XX/RAB/95/X03	Third meeting on promotion of joint ventures among Islamic countries	103,400
Regional Arab	XP/RAB/95/021	Expert group meeting on strategies for development of marine agricultural and industrial biotechnology in the Arab region, November 1995, Amman, Jordan	38,000
Regional Arab	XX/RAB/94/X04	Promotion of the software industry in the Arab region	147,000
Regional Arab	XX/RAB/94/X14	Assistance to the managed maintenance centre at the Egyptian Iron and Steel Company, to upgrade to an autonomous regional centre for maintenance development	690,000
Regional Arab	XP/RAB/95/X05	Workshop on productivity in industrial establishments (11-23 November 1995) Damascus, Syria	20,000
Regional Arab	XP/RAB/95/X09	Phase II: Capacity-building programme in technology transfer negotiation in the Arab countries	100,000
Regional Arab	XP/RAB/95/021	Expert group meeting on strategies for development of marine agricultural and industrial biotechnology in the Arab region, November 1995, Amman, Jordan	38,000
Saudi Arabia	US/SAU/95/X02	Development of information systems — Ministry of Industry and Electricity	500,000
Saudi Arabia	XX/SAU/95/X03	Development of investment promotion unit in the Saudi Consulting House	600,000
Saudi Arabia	XX/SAU/95/X04	Workshop on ozone depleting substances	36,000
Saudi Arabia	XX/SAU/95/X05	The impact of Uruguay Round on Saudi Industries	56,000
Saudi Arabia	XX/SAU/95/X06	Quality control and productivity for Saudi industries	800,000
Sudan	SI/SUD/94/X02	Technical assistance to participate in implementation of a demonstration pilot project for the design, manufacturing and testing of hammer mills	119,000
Sudan	XP/SUD/94/X03	Fellowship in the field of management accounting techniques, practices and strategies	9,180
Sudan	XX/SUD/94/X08	Assistance for the modernization of the national quality control laboratory for pharmaceutical formulations in Sudan	92,000
Sudan	XX/SUD/95/X01	Feasibility study on the manufacture of handpumps	88,000

Country	Project number	Project title	Total project allotment
			(US$)
Syrian Arab Republic	SI/SYR/94/X07	Assistance in modernization of the national metrology calibration system	52,000
Syrian Arab Republic	SI/SYR/94/X08	Assistance in standardization and quality control for the food canning and sugar industries	64,000
Syrian Arab Republic	SI/SYR/95/X06	Assistance to Chamber of Industry (Damascus)	50,000
Syrian Arab Republic	SI/SYR/95/X08	Assistance in standardization and quality control for the food caning and sugar industries	101,500
Syrian Arab Republic	XX/SYR/95/X07	Request for assistance for evaluating offers for setting up a pesticide plant	*
Tunisia	XX/TUN/94/X02	Strengthening of competitiveness of textile industries in Tunisia	96,250
Tunisia	XX/TUN/94/X03	Diagnostic consultancy for small- and medium-scale enterprises	270,000
Tunisia	XX/TUN/94/X04	Strategic study and subcontracting	103,000
Tunisia	XX/TUN/94/X05	Assistance to establish a technological observatory	120,000
Tunisia	XX/TUN/94/X06	Research into environmental protection	125,000
Tunisia	XX/TUN/94/X07	Assistance to establish an eco-label system to enable the leather industries sector to develop a certification process to indicate compliance with certain environmental protection rules	170,000
Tunisia	XX/TUN/94/X08	Assistance to introduce ISO 9000 standards in Tunisian enterprises in the leather industries sector	137,500
Tunisia	XX/TUN/94/X09	CAD/CAM workshop for footwear and leather industry	675,000
Tunisia	NC/TUN/95/01D	Employment promotion in industrial sectors	45,000
United Arab Emirates	XX/UAE/95/X01	Training seminar on industrial project preparation and appraisal — Emirates Industrial Bank	*
United Arab Emirates	XX/UAE/95/X02	Technical assistance in conducting industrial surveys	*
United Arab Emirates	XX/UAE/95/X03	Human resource development for industry	*
United Arab Emirates	XX/UAE/95/X04	Industrial feasibility studies with COMFAR III	22,000

* Amount not available at present.

Country	Project number	Project title	Total project allotment
			(US$)
United Arab Emirates	XX/UAE/95/X05	The impact of Uruguay Round on the industrial sector in the United Arab Emirates	56,000
United Arab Emirates	XX/UAE/95/X06	Workshop on industrial strategy formulations	50,000
Republic of Yemen	DP/YEM/95/003	Support programme to privatization	966,350
United Arab Emirates	DP/YEM/95/004	Support to Yemen free zones development	643,250

Distr.
GENERAL

GC.6/9/Rev.1/Corr.1
1 December 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995
Item 10 (b) of the provisional agenda

REGIONAL PRIORITIES AND PROGRAMMES: ARAB COUNTRIES

Report by the Director-General

Corrigendum

Page 13, annex, section B, column entitled "Project number", fourth entry for Lebanon

For SL/LEB/95/803 read SI/LEB/94/803

Page 15, annex, section B, column entitled "Total project allotment"

After last entry insert TOTAL 17,593,708.

V.95 59998 (E) (a:\1995\pmo.4)

Distr.
GENERAL

GC.6/10
IDB.14/20
31 May 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995

Industrial Development Board

Fourteenth session
Vienna, 26-30 June 1995
Item 7 (g) of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE: FINANCIAL SITUATION OF UNIDO

Information on developments concerning the unified conference service

Report by the Director-General

Summary

Reports on the implementation of decision GC.5/Dec.19 concerning the establishment of a unified conference service in Vienna under United Nations administration and presents revised regular budget estimates for the biennium 1994-1995 in respect of those programmes affected by the new arrangements, which became effective on 1 April 1995.

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	BACKGROUND	3 - 8	2
II.	IMPLEMENTATION OF NEW ARRANGEMENTS	9 - 16	2
III.	UNIDO BUDGETARY ADJUSTMENTS, 1994-1995	17 - 21	3
IV.	FINANCIAL IMPLEMENTATION, 1994-1995	22 - 24	4
V.	ACTION REQUIRED OF THE BOARD	25	4

Annexes

I.	Budgetary impact of language and documentation services transfer	5
II.	Posts established under the regular budget in 1994-1995	6
III.	Revised appropriations for 1994-1995	7
IV.	Revisions to decision GC.5/Dec.18	9

V.95 54319 (E) (b:\1995\pmo 7)

Distr.: 6 June 1995

Introduction

1. In its decision GC.5/Dec.19, the General Conference urged the Director-General to finalize with the United Nations as soon as possible the arrangements for the transfer of administrative responsibility for conference services from UNIDO to the United Nations Office at Vienna (UNOV) effective 1 January 1995.

2. The present document reports on the implementation of that decision and presents the financial adjustments to the approved programme and budgets, 1994-1995, within the resource allocations of those programmes affected by the implementation of the new arrangements.

I. BACKGROUND

3. Under the terms of the agreement signed on 29 October 1985 between the United Nations and UNIDO, responsibility for the provision of joint conference services was shared by the two Organizations, as follows:

> UNIDO: Responsible for language and documentation services, including translation, typing, editorial control, publication, printing, documents control and distribution;
>
> UNOV: Responsible for meetings planning and interpretation services.

4. The agreed arrangements in respect of the joint services were not intended to be of a permanent nature and the United Nations subsequently undertook discussions with the International Atomic Energy Agency (IAEA) and UNIDO with a view to obtaining agreement on the establishment of a single conference servicing operation in Vienna. Pending the outcome of those discussions, staff occupying UNIDO posts in the Languages and Documentation Service retained their United Nations contracts, and new appointees to the service were given United Nations appointments.

5. A series of resolutions adopted by the United Nations General Assembly (39/68 of 13 December 1984, 39/242 of 18 December 1984, 44/201 A of 21 December 1989 and 45/248 A of 21 December 1990) represented the legislative mandates for the ensuing negotiations. The negotiations took place under the auspices of the Advisory Committee for Conference Services, comprising representatives of IAEA, UNIDO and the United Nations. Little progress was made in reaching agreement on a unified conference service in Vienna, except for the proposal for a common interpretation service under United Nations administration, which was introduced from 1 January 1992. The IAEA position in respect of other conference services, such as translation and related services, was that the specialized requirements of IAEA could not be met through a common service under United Nations administration.

6. Negotiations between the United Nations and UNIDO intensified in 1990 and 1991, and although agreement in principle on establishing a unified conference service was reached, the question of organizational responsibility for administering the service remained unresolved.

7. In January 1993, the United Nations informed UNIDO that the conference servicing arrangements agreed between United Nations and UNIDO on 29 October 1985 would cease effective 31 December 1995. It therefore became imperative that the question of future conference servicing arrangements in Vienna be speedily resolved. The anticipated high cost of establishing separate conference services for UNIDO and the United Nations, which was being considered by the United Nations, reinforced the view that maintaining a joint conference service would be the most cost-efficient system for both Organizations.

8. Following an exchange of letters between senior officials of the United Nations and UNIDO, UNIDO agreed to consider a plan for the transfer of administrative responsibility for conference services from UNIDO to UNOV as communicated to the Industrial Development Board in June 1993 (IDB.11/21). The decision of the Board (IDB.11/Dec.27) in support of the transfer proposal was confirmed by the General Conference of UNIDO in December 1993, which, *inter alia*, urged the Director-General to finalize with the United Nations as soon as possible the arrangements for the transfer of administrative responsibility for conference services from UNIDO to the United Nations Office at Vienna (decision GC.5 Dec.19).

II. IMPLEMENTATION OF NEW ARRANGEMENTS

9. The transfer of administrative responsibility from UNIDO to UNOV entails financial implications for the 1994-1995 budgets of both the United Nations and UNIDO. Following discussions between UNIDO and the United Nations on the proposal responding to the mandates of the United Nations General Assembly and the UNIDO General Conference, a report was prepared by the Secretary-General on revised estimates for conference services at Vienna (A/C.5/49/24).

10. The Advisory Committee on Administrative and Budgetary Questions in its report of 17 February 1995

(A/49/7/Add.9), recommended the establishment of a unified conference service at the Vienna International Centre under the management of the United Nations effective 1 April 1995. The General Assembly approved the proposals of the Secretary-General in resolution 49/237.

11. Negotiations were carried out throughout 1994 between UNIDO and the United Nations on the modalities for implementing the transfer of administrative responsibility. With a view to preparing an agreement on the unified conference service, the following developments took place:

(a) **Transfer of staff from UNIDO to UNOV**

12. The UNIDO programme and budgets, 1994-1995, included provision for established posts in Programme 1120 (Languages and Documentation). These comprised 49 Professional and 79 General Service posts which, together with the staff occupying these posts, were transferred to UNOV with effect from 1 April 1995. The transfer was implemented without problems and administrative responsibility has been assumed by UNOV.

(b) **Budgetary provisions**

13. Under the previous arrangements, the expenditures for the provision of language and documentation services were recorded against budgetary allocations in both the United Nations and UNIDO budgets. The total costs incurred by both Organizations were shared and, where applicable, income credited against the UNIDO budget. The new arrangements provide for gross budgeting by the administering organization (UNOV) offset by expected income from user organizations equal to their budgetary provisions. The introduction of gross budgeting for the unified conference service will simplify the budgetary presentation of the conference servicing requirements of both Organizations. UNIDO's financial reporting on conference servicing budgetary provisions and expenditures will be more transparent and should lead to improved monitoring and control of expenditures.

(c) **Cost-sharing arrangements**

14. The principle of cost sharing of services between the Organizations will be maintained under the new arrangements. However, the methodologies for the cost sharing of translation services will be modified, and in future UNIDO will be charged for documents translated on an agreed standard rate per page. The standard rate is based on the estimated UNOV staff costs (including temporary assistance) and the capacity of the service. UNIDO is subject to a guaranteed minimum payment equivalent to 32 per cent of the capacity in terms of pages translated by UNOV staff budgeted under established posts. This floor rate is lower than the current annual volume of documentation by UNIDO and is covered by UNIDO budgetary provisions for the services to be provided.

15. Interpretation services will be charged at a standard rate per work day, together with actual travel costs where applicable. Other services for which standard costs are not available will generally be cost shared on the basis of the workload of such services attributable to each Organization. (For example editorial control will be shared on the basis of the number of words edited). Costs of equipment, supplies and materials will continue to be shared between the parties.

(d) **Agreement**

16. The draft agreement covering the financial and administrative arrangements governing the new service, which was drawn up following discussions between UNOV and UNIDO, also proposes the establishment of a joint working group with responsibility for reviewing the operation of the agreement. The final draft of the agreement is under preparation and is expected to be signed by UNOV and UNIDO in the near future.

III. UNIDO BUDGETARY ADJUSTMENTS, 1994-1995

17. The approved UNIDO programme and budgets for 1994-1995 (GC.5/14/Rev.1) included provision for the cost of language and documentation services under Major Programme 100 (Policy-making Organs) and Programme 1120 (Languages and Documentation), as shown in annex I to the present document. The gross financial estimates for these services were mainly related to Professional and General Service posts in Languages and Documentation Services. The gross costs of Language and Documentation Services was offset to some extent by budgetary provision for income from UNOV for cost-shared services. Also subject to cost sharing were provisions for established posts and temporary assistance, which were also included in the United Nations budgets.

18. The transfer of the administration of conference services to UNOV effective 1 April 1995 has resulted in the deletion of the budgetary provisions for established posts and other items, such as temporary assistance for meetings and contractual translation from the UNIDO budget. Details of the changes in the number of established posts are shown in annex II. The provisions for income to the UNIDO budget have also been reduced to take account of that period of the biennium (1 April to 31 December 1995) where UNIDO will be a purchaser of services rather than the supplier.

19. Subsequent to 1 April 1995, the relevant budgetary requirements will consist of financial provisions covering the UNIDO share of the costs of specific individual conference services provided by UNOV to UNIDO. The specific services are programme direction and management, translation, reference and terminology, editorial control, documents control, correspondence, printing and copy preparation, reproduction, documents distribution, meetings planning and servicing, and interpretation. Budgetary allocations for these services are therefore redeployed to the object of expenditure "contributions to joint activities" in Major Programme 100 (Policy-making Organs) and Programme 1120 (Languages and Documentation).

20. The revised budgetary provisions are based on the same assumptions as the budgetary provisions approved by the General Conference (GC.5/14/Rev.1) in terms of workload and cost-sharing ratios. Therefore, the 1994-1995 resource allocations for conference services as shown in annex I remain unchanged in total. However, the estimates for the Major Programmes and Programmes affected take account of their specific documentation requirements for the period 1 April to 31 December 1995. The revised estimates also require a transfer of resources mainly from staff costs to provide a budgetary provision for contributions to the joint services administered by UNOV.

21. The revised budgetary provisions for the UNIDO Major Programmes and major objects of expenditure are shown in annex III. The adjustments to the net budgetary requirements for the 1994-1995 biennium initially presented in paragraph (d) of GC.5/Dec.18 are shown in annex IV to the present document.

IV. FINANCIAL IMPLEMENTATION, 1994-1995

22. Savings are expected to arise in the 1994-1995 biennium as a result of: (a) anticipated reduced documentation requirements for UNIDO in the current biennium as compared to the budgetary provision; (b) lower-than-budgeted standard salary costs; and (c) efficiency savings anticipated under the new arrangements with the United Nations.

23. Based on the estimates made by UNOV and UNIDO for inclusion in the report of the Secretary-General to the United Nations General Assembly in November 1994 (document A/C.5/49/24), UNIDO budgetary requirements for 1995 would decrease by approximately $1.8 million. The total estimated 1994-1995 savings against the budgetary estimates resulting from reduced workload and other factors are expected to exceed $3 million for the entire biennium, which would be reported as unspent appropriations.

24. However, in view of the fact that the biennium has seven months to run, it is not possible to quantify the exact level of budgetary savings that will be achieved. Based on previous experience, an increasing workload during the remainder of the biennium could be anticipated, which would increase the rate of financial implementation of budgetary allocations.

V. ACTION REQUIRED OF THE BOARD

25. The Board may wish to take note of the information provided in the present report.

Annex I

BUDGETARY IMPACT OF LANGUAGE AND DOCUMENTATION SERVICES TRANSFER

(In thousands of US dollars at US$1=AS12.90 at 1994-1995 costs)

Major object of expenditure	Approved budget, 1994-1995 (GC.5/14/Rev.1)					Redeployments in 1995					Adjusted budget, 1994-1995				
	GROSS			INCOME	NET	GROSS			INCOME	NET	GROSS			INCOME	NET
	Programme		TOTAL	Programme	TOTAL	Programme		TOTAL	Programme	TOTAL	Programme		TOTAL	Programme	TOTAL
	100 a/	1120 b/	(1+2)	1120 b/	(3-4)	100 a/	1120 b/	(6+7)	1120 b/	(8-9)	100 a/	1120 b/	(11+12)	1120 b/	(13-14)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
100 Staff costs	393.0	18,965.1	19,358.1	2,644.1	16,714.0	(120.9)	(7,280.5)	(7,401.4)	(983.1)	(6,418.3)	272.1	11,684.6	11,956.7	1,661.0	10,295.7
200 Official travel		35.3	35.3	21.8	13.5		(12.9)	(12.9)	(8.3)	(4.6)	0.0	22.4	22.4	13.5	8.9
300 Contractual services	323.7	233.9	557.6		557.6		(89.0)	(89.0)		(89.0)	323.7	144.9	468.6	0.0	468.6
400 General operating expenses	57.8	539.2	597.0		597.0			0.0		0.0	57.8	539.2	597.0	0.0	597.0
900 Other expenses	1,457.2	1,030.4	2,487.6	3.3	2,484.3	3,025.5	3,485.1	6,510.6	(1.3)	6,511.9	4,482.7	4,515.5	8,998.2	2.0	8,996.2
Total	2,231.7	20,803.9	23,035.6	2,669.2	20,366.4	2,904.6	(3,897.3)	(992.7)	(992.7)	0.0	5,136.3	16,906.6	22,042.9	1,676.5	20,366.4

a/ Major Programme 100 - Policy-making Organs.

b/ Programme 1120 - Languages and Documentation.

Annex II

POSTS ESTABLISHED UNDER THE REGULAR BUDGET IN 1994-1995 a/

	Approved posts 1994-1995 (GC.5/14/Rev.1)	Transfer of posts to UNOV in 1995	Adjusted posts 1994-1995
	RB	RB	RB
Professional and above			
Director-General	1		1
Director	38	-1	37
P-5	105	-7	98
P-4	130	-17	113
P-3	85	-20	65
P-2/1	39	-4	35
Subtotal	**398**	**-49**	**349**
General Service			
Principal level	23	-5	18
Other level	563	-74	489
Subtotal	**586**	**-79**	**507**
Language teachers	6		6
Total	**990**	**-128**	**862**

a/ Impact of transfer of language and documentation services from UNIDO to UNOV with effect from 1 April 1995.

Annex III

REVISED APPROPRIATIONS FOR 1994-1995

Table 1. By Major Programme a/

(In thousands of US dollars at US$ 1 = AS 12.90)

Major Programme	Approved budget 1994-1995 (GC.5/14/Rev. 1) (1)			Redeployments (PBC.10/10 and PBC.11/7) (2)			Additional redeployments b/ (3)			Adjusted budget 1994 - 1995 (4) = (1)+(2)+(3)		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
100 - Policy-making Organs	2,231.7		2,231.7			0.0	2,904.6		2,904.6	5,136.3	0.0	5,136.3
200 - General Management	10,944.0		10,944.0	322.6		322.6			0.0	11,266.6	0.0	11,266.6
300 - Country Strategy and Programme Development	19,800.1		19,800.1	(940.1)		(940.1)			0.0	18,860.0	0.0	18,860.0
400 - Mobilization and Management of Financial Resources	7,253.4		7,253.4	863.2		0.0 863.2			0.0	8,116.6	0.0	8,116.6
500 - Information and Research	14,675.5		14,675.5	359.6		359.6			0.0	15,035.1	0.0	15,035.1
600 - Human Resource, Enterprise and Private Sector Development	11,545.7		11,545.7	(29.1)		(29.1)			0.0	11,516.6	0.0	11,516.6
700 - Industrial Sectors and Environment	21,804.0		21,804.0	(107.7)		(107.7)			0.0	21,696.3	0.0	21,696.3
800 - Investment and Technology Promotion	17,590.2		17,590.2	(731.3)		(731.3)			0.0	16,858.9	0.0	16,858.9
900 - Common Programmes	17,178.0		17,178.0	1,447.8		1,447.8			0.0	18,625.8	0.0	18,625.8
1000 - Operational Support Services	6,461.4	249.0	6,212.4	(1,124.6)		(1,124.6)				5,336.8	249.0	5,087.8
1100 - Joint and Common Services	64,584.4	28,743.6	35,840.8			0.0	(3,897.3)	(992.7)	(2,904.6)	60,687.1	27,750.9	32,936.2
1200 - Administration	35,251.8	2,422.0	32,829.8	(60.4)		(60.4)			0.0	35,191.4	2,422.0	32,769.4
TOTAL	229,320.2	31,414.6	197,905.6	0.0	0.0	0.0	(992.7)	(992.7)	(0.0)	228,327.5	30,421.9	197,905.6

a/ Excluding miscellaneous income.

b/ Impact of transfer of language and documentation services from UNIDO to UNOV with effect from 1 April 1995.

Table 2. By major object of expenditure a/

(In thousands of US dollars at US$ 1 = AS 12.90)

Major object of expenditure	Approved budget 1994-1995 (GC.5/14/Rev. 1) (1)			Redeployments b/ 1995 (2)			Adjusted budget 1994-1995 (3) = (1) + (2)		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
100 Staff costs	161,415.6	15,077.2	146,338.4	(7,401.4)	(983.1)	(6,418.3)	154,014.2	14,094.1	139,920.1
200 Official travel / meetings	4,022.7	27.0	3,995.7	(12.9)	(8.3)	(4.6)	4,009.8	18.7	3,991.1
300 Contractual services	794.6		794.6	(89.0)		(89.0)	705.6	0.0	705.6
400 General operating expenses	29,078.9	15,144.7	13,934.2			0.0	29,078.9	15,144.7	13,934.2
500 Supplies and materials	1,092.6	205.5	887.1			0.0	1,092.6	205.5	887.1
600 Acquisition of furniture and equipment	1,352.2	556.7	795.5			0.0	1,352.2	556.7	795.5
700 EDP non-staff costs	7,174.3	400.2	6,774.1			0.0	7,174.3	400.2	6,774.1
800 Technical cooperation	11,778.6		11,778.6			0.0	11,778.6	0.0	11,778.6
900 Other expenses	12,610.7	3.3	12,607.4	6,510.6	(1.3)	6,511.9	19,121.3	2.0	19,119.3
TOTAL	229,320.2	31,414.6	197,905.6	(992.7)	(992.7)	0.0	228,327.5	30,421.9	197,905.6

a/ Excluding miscellaneous income.

b/ Impact of transfer of language and documentation services from UNIDO to UNOV with effect from 1 April 1995.

Annex IV

REVISIONS TO DECISION GC.5/DEC.18

Table 1. Revision to table in paragraph (d) of GC.5/Dec.18

(In US dollars)

	Paragraph (d), GC.5/Dec.18			Resource adjustments a/			Revised budget		
	Appropriation	Estimated income	Net requirements	Appropriation	Estimated income	Net requirements	Appropriation	Estimated income	Net requirements
Policy-making Organs	2,231,700		2,231,700	2,904,600	0	2,904,600	5,136,300		5,136,300
General Management	10,944,000		10,944,000	322,600	0	322,600	11,266,600		11,266,600
Country Strategy and				0	0	0			0
Programme Development	19,800,100		19,800,100	(940,100)	0	(940,100)	18,860,000		18,860,000
Mobilization and Management				0	0	0			0
of Financial Resources	7,253,400		7,253,400	863,200	0	863,200	8,116,600		8,116,600
Information and Research	14,675,500		14,675,500	359,600	0	359,600	15,035,100		15,035,100
Human Resource, Enterprise				0	0	0			0
and Private Sector Development	11,545,700		11,545,700	(29,100)	0	(29,100)	11,516,600		11,516,600
Industrial Sectors and Environment	21,804,000		21,804,000	(107,700)	0	(107,700)	21,696,300		21,696,300
Investment and Technology Promotion	17,590,200		17,590,200	(731,300)	0	(731,300)	16,858,900		16,858,900
Common Programmes	17,178,000		17,178,000	1,447,800	0	1,447,800	18,625,800		18,625,800
Operational Support Services	6,461,400	249,000	6,212,400	(1,124,600)	0	(1,124,600)	5,336,800	249,000	5,087,800
Joint and Common Services	64,584,400	28,743,600	35,840,800	(3,897,300)	(992,700)	(2,904,600)	60,687,100	27,750,900	32,936,200
Administration	35,251,800	2,422,000	32,829,800	(60,400)	0	(60,400)	35,191,400	2,422,000	32,769,400
Miscellaneous Income		1,595,300	(1,595,300)	0				1,595,300	(1,595,300)
TOTAL	229,320,200	33,009,900	196,310,300	(992,700)	(992,700)	0	228,327,500	32,017,200	196,310,300

a/ See annex III, table 1.

Note: The amounts presented in the table are to be adjusted in accordance with the adjustment formula (see table 2) to take account of exchange rate variations during the biennium.

Table 2. Adjustment formula in US dollars

	GC.5/Dec.18, paragraph (d)		Resource adjustments		Revised adjustment formula	
	US$	AS	US$	AS	US$	AS
Appropriations						
Policy-making Organs	197,900 + (	26,236,000 /R)	276,600	33,901,300	474,500 + (	60,137,300 /R)
General Management	1,195,300 + (	125,757,800 /R)			1,195,300 + (	125,757,800 /R)
Country Strategy and Programme Development	2,542,100 + (	222,628,200 /R)	(164,800)	(19,529,400)	0	0
Mobilization and Management of Financial Resources	832,100 + (	82,834,300 /R)	95,500	9,903,400	2,377,300 + (	203,098,800 /R)
Information and Research	1,868,300 + (	165,212,700 /R)	69,200	9,627,400	0	0
Human Resource, Enterprise and Private Sector Development	1,302,100 + (	132,142,600 /R)			927,600 + (	92,737,700 /R)
Industrial Sectors and Environment	2,376,000 + (	250,621,400 /R)			1,937,500 + (	174,840,100 /R)
Investment and Technology Promotion	2,265,600 + (	197,686,800 /R)			0	0
Common Programmes	3,883,200 + (	171,503,500 /R)	192,600	16,192,100	1,302,100 + (	132,142,600 /R)
Operational Support Services	666,900 + (	74,749,000 /R)	(192,600)	(16,192,100)	2,376,000 + (	250,621,400 /R)
Joint and Common Services	5,006,700 + (	768,552,200 /R)	(366,300)	(45,550,100)	2,265,600 + (	197,686,800 /R)
Administration	3,997,200 + (	403,184,300 /R)			4,075,800 + (	187,695,600 /R)
Subtotal - Appropriations	**26,133,400 + (**	**2,621,108,800 /R)**	**(89,800)**	**(11,647,400)**	474,300 + (	58,556,900 /R)
					4,640,400 + (	723,002,100 /R)
					3,997,200 + (	403,184,300 /R)
					26,043,600 + (	**2,609,461,400 /R)**
Estimated income						
Operational Support Services	23,800 + (	2,905,000 /R)			0	0
Joint and Common Services	1,663,200 + (	349,337,200 /R)			0	0
Administration	172,700 + (	29,015,700 /R)	(89,800)	(11,647,400)	23,800 + (	2,905,000 /R)
Miscellaneous	716,500 + (	11,335,910 /R)			1,573,400 + (	337,689,800 /R)
Subtotal - Estimated income	**2,576,200 + (**	**392,593,810 /R)**	**(89,800)**	**(11,647,400)**	172,700 + (	29,015,700 /R)
					716,500 + (	11,335,910 /R)
					2,486,400 + (	**380,946,410 /R)**
TOTAL NET REQUIREMENTS	**23,557,200 + (**	**2,228,514,990 /R)**	**0**	**0**	0	
					23,557,200 + (	**2,228,514,990 /R)**

Note 1: The net requirements shown above assume a ratio of 12 per cent in US dollars and 88 per cent in Austrian schillings at an exchange rate of US$ 1 = AS 12.90.

Note 2: R represents the average United Nations exchange rate for Austrian schilling to US dollar which will be experienced during 1994-1995.

Distr.
GENERAL

GC.6/11
IDB.14/21
22 June 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995

Industrial Development Board

Fourteenth session
Vienna, 26-30 June 1995
Item 9 (a) of the provisional agenda

THE REGIONAL DIMENSION: SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

UNIDO support for the Second Industrial Development Decade for Africa

Report by the Director-General

Summary

Reports on the implementation of the programme for the Second Industrial Development Decade for Africa (IDDA) and provides information on technical cooperation projects and technical support services to African countries.

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 3	2
Chapter			
I.	INITIATIVES FOR THE IMPLEMENTATION OF THE SECOND IDDA	4 - 16	2
II.	UNIDO ACTIVITIES FOR THE INDUSTRIALIZATION OF AFRICA	17 - 33	5
III.	ACTION REQUIRED OF THE BOARD	34	8

V.95 54822 (E) (b\1995\pmo.9)

Distr.: 23 June 1995

Introduction

1. The fundamental aims of the programme for the Second Industrial Development Decade for Africa (IDDA) are to assist the countries of the region in redressing poverty and dependence and achieving self-reliance and self-sustainment. The programme is directed towards industrialization as a means of producing the goods and services that Africa needs, based on domestic strengths and factor inputs. With these goals, industrialization is to recognize the links with agriculture and, equally, to take environmental considerations into account. The support of the international community is anticipated and welcome, but the principal responsibility is with the African Governments and peoples. The fullest participation of all - including the private sector, foreign investors and small scale industry - is needed. Capacity-building is urgent, and a concentration on investment performance is necessary, as is the promotion of South-South cooperation, especially in technology. The programme recognizes the needs for wider markets through regional and subregional cooperation and international integration. Facing the new challenge of globalization and corresponding capacity building is a high priority. In this context, the formulation of industrial visions and strategies and of an enabling environment is needed to promote industrial investment and employment in the light of globalization, increased market orientation, private sector emphasis, trend, structural adjustment programmes and the GATT Uruguay Round Agreements.

2. The present document reports on progress made in the implementation of General Conference resolution GC.5/Res.12 and Industrial Development Board decision IDB.12/Dec.12, which requested action in the following areas:

(a) Providing assistance to African countries in formulating industrial sector policies with a view to creating an enabling environment for increased industrial investment, and in formulating policies, procedures and guidelines for the enhancement of initiatives for private sector development;

(b) In cooperation with the Economic Commission for Africa (ECA), giving priority to development of the African private sector and facilitating its involvement in the implementation of the programme for the Second IDDA;

(c) Giving priority to mobilization of external financial resources for the execution of programmes for the Second IDDA in complementarity to urgent efforts to mobilize local resources and investment;

(d) Intensifying cooperation between UNIDO, ECA and the Organization of African Unity (OAU) and providing African intergovernmental organizations assistance in strengthening the role of the industrial sector in the implementation of the subregional component of IDDA within the framework of the African Economic Community.

3. Both the General Conference resolution and the Board decision requested that adequate financial and human resources for the implementation of the programme be ensured. In response, the IDDA Co-ordinator function has been integrated into the Africa Programme in order to draw more effectively on experience at the country level and to ensure that the IDDA programme is at the centre of project development for Africa.

I. INITIATIVES FOR THE IMPLEMENTATION OF THE SECOND IDDA

A. The ten-point programme

4. The UNIDO ten-point programme for Africa was endorsed by the Conference of African Ministers of Industry (CAMI) in a resolution on the African Common Position adopted at its eleventh meeting and presented to the General Conference of UNIDO at its fifth session (GC.5/18, paras. 88-100). The main features are as follows:

1. Development of appropriate strategies and policies for industrialization;

2. Development of increased regional industrial cooperation;

3. Expanded programme for entrepreneurial training and development;

4. Comprehensive programme for development of small and medium industries;

5. Development of sustainable institutional capability for industrial services and support;

6. New technological applications in industrial sectors and branches;

7. Interrelationship between environment, ecological and energy needs and industrial development;

8. Advanced management training for local entrepreneurs;

9. Expansion of investment promotion activities;

10. Increased dissemination of industrial information.

5. At its twelfth meeting, held at Gaborone, Botswana, 6 to 8 June 1995, the CAMI provided further guidance to UNIDO activities in support of the implementation of the Second IDDA. In particular, the theme of the CAMI meeting, "Mobilization of resources", was reflected in the resolution 2 (XII) on this topic. This called on UNIDO, *inter alia*, to continue to provide technical and financial assistance to promote the private sector and private investment, and to continue providing support to research/development and training activities in Africa through subregional and regional institutions such as the African Regional Centre for Engineering Design and Manufacturing, the African Regional Centre for Technology and the African Institute for Economic Development and Planning. High priority for technical cooperation in the development of human resources and entrepreneurial capabilities was also called for. Follow-up actions for the mobilization of resources at national, subregional and regional levels were requested of ECA, UNIDO and OAU.

B. The current support programme

6. While the ten-point programme is being pursued and will be carried out in a longer time perspective, it was seen as essential for UNIDO in the current biennium, and in the prevailing situation of severe financial and human resource constraints, to focus its activities on selected issues.

7. Recognizing the mounting socio-economic problems of the region in terms of population growth pressure, widespread poverty and lack of capacities to meet the external challenges of external debt and increasing international competition, the UNIDO programme in support of the Second IDDA is primarily directed to the following areas of concern. First, the build-up of viable production capacities is being supported through assistance to the private sector in the form of entrepreneurship development, training, and small-scale industry development in key industrial subsectors in particular in agro-related industries. A second area of particular concern is the competitiveness of African industry. Analyses of the implications of the GATT Uruguay Round Agreements for the development prospects of African industries, industrial rehabilitation programmes and support to technology upgrading, including for environment protection, were major features of assistance in this respect. Thirdly, issues relating to regional and subregional cooperation were addressed. In all these endeavours of UNIDO, due attention was given to ensuring cooperation and complementarity with other organizations of the United Nations system and development of finance institutions. A series of industrial sector review missions and the preparation of UNIDO support strategies were to contribute to creating a framework for effectively designing the programmes.

C. Utilization of funds allocated to the Second IDDA under the regular budget

Technical cooperation

8. As part of the preparations of the IDDA technical cooperation programme, a new pre-screening process for project concepts was established. This process assesses the potential of projects for generating additional technical cooperation or investment projects, the extent to which the projects address the above-mentioned ten points, and the degree to which the five main development objectives of UNIDO (GC.5/23) are met.

9. Another important consideration is the need to achieve optimal impact with the limited funds available for programming by (a) focusing on multi-country and regional projects, which would allow for economies of scale and of scope, and (b) by applying, where possible, the "seed money" concept, which would encourage and facilitate the mobilization of additional resources for technical cooperation projects and the promotion of investment projects.

10. The starting point for the design of the programme has been the constraints encountered at the industrial enterprise level. These include the overall policy environment in which an enterprise operates. As the enterprise constitutes the basic unit of the manufacturing sector, it is at that level that the effects of decisions and measures taken at other levels - institutional, national policy and international - have the greatest impact, thereby determining the success of manufacturing activity as a whole.

11. The technical cooperation programme includes an analysis of industry-related services, the development of the infrastructure for quality in industry and technology support, including training in technology management. Further work on the Industrial and Technological Information Bank in Africa, and assistance to regional and subregional institutions (African Regional Centre for Engineering Design and Manufacturing and the Leather and Leather Products Institute of the Common Market for Eastern and Southern Africa (COMESA)) is also under way. Agro-related activities include projects on baby food production technology and on palm oil production technology and agro-food packaging training. The energy sector is being addressed through a project on biomass as well as an information network and environmental issues through the setting up of waste

minimization demonstration centres. Apart from a large programme for the development of small and medium enterprises (SMEs), the issues of application of computers for SMEs and women's entrepreneurship development are also being addressed.

Supplementary activities

12. The UNIDO technical cooperation activities and investment programmes are based on and complemented by various other upstream and promotional activities. Agro-industry-related activities include the promotion of international cooperation in the dairy industry and the development of low-cost nutritional foods. Moreover, a manual will be prepared on industrial rehabilitation in that sector and the requirements for improved competitiveness will be assessed in the light of the GATT Uruguay Round Agreements. In linking IDDA with the second Transport and Communications Decade for Africa (UNTACDA II), work will be completed in 1995 on the development of rural telecommunications, and the status and development possibilities of the automotive industry in Africa will be analysed, especially in terms of the production of spare parts. Investment forums are being prepared for Ghana, Morocco and the COMESA States, and an investment centre round table is planned in connection with an ECA conference on investment in Africa to be held in Accra, Ghana, in November 1995. At the policy level, support has been provided in the assessment of the CFA franc devaluation in Western Africa and in Central Africa and the organization of the twelfth meeting of the Conference of African Ministers of Industry and associated Private Sector Forum. Supplementary activities have also included support for the industrial sector programme review missions described below.

Short-term technical advisory services

13. Short-term technical advisory services (STAS) are part of the IDDA supplementary activities. They represent a flexible instrument by which UNIDO can respond rapidly to urgent requests for assistance. Under STAS, 49 experts or consultants were deployed in 28 countries in 1994, covering four broad areas of support:

(a) Revising and updating national and subregional programmes for the Second IDDA and preparing implementation plans, including provision of advisory services on industrial policy;

(b) Preparing individual integrated packages of investment and technical cooperation projects for presentation to investors and donors;

(c) Rendering of advisory services in relation to investments or negotiations;

(d) Rendering of advisory services in relation to technology development and acquisition.

14. By 30 April 1995, the total STAS expenditures for the biennium were $492,790, broken down for the above-mentioned areas as follows: (a) 31 per cent; (b) 41 per cent; (c) 12 per cent; (d) 16 per cent; and others 7 per cent. The experts worked closely with representatives of Governments and the private sector as well as of donor institutions. Examples of some of the activities are given below:

(a) Human resource development: A training programme was formulated for Namibia on the methodology for assessing, programming and managing integrated production/consumption systems (MEPs) in the fisheries sector. The skills of the staff of the Trade and Investment Promotion Service in Guinea-Bissau were appraised and upgraded, and future on-the-job training needs identified to enhance the promotion of small- and medium-sized enterprises in the private sector. Training was provided at the Eastern and Southern Africa Management Institute in the application of the UNIDO Computer Model for Feasibility Analysis and Reporting (COMFAR).

(b) Investment: An assessment was undertaken of the potential for industrial utilization of medicinal and aromatic plants indigenous to Swaziland. A feasibility study was completed on the establishment of an industrial subcontracting and partnership exchange in Mauritius. Assistance was given to Mali for a feasibility study on the production of paper using a local raw material. An examination was undertaken in Kenya of the potential for the development of an indigenous electronics industry. An investigation on the viability of a soft drinks bottling industry, aided Gambia in an investment decision on the subject.

(c) Private sector development: A training programme for women entrepreneurs in the food-processing industry was initiated in Kenya. Investment programmes were set up in Côte d'Ivoire and Ghana that involve identification, formulation, screening and promotion of investment projects as well as the holding of investment forums. Major work was done in Angola and Niger for their conversion to market economies through enterprise restructuring and privatization programmes.

(d) Management of industrial development; technology development and acquisition: In Angola, measures were suggested to reorganize the industrial

directorate and upgrade skills of its staff through training. A technical cooperation programme was also formulated. In Côte d'Ivoire a restructuring plan was proposed, aimed at improving the capacity of the Ministry of Industry in the management of industrial development. A project dealing with industrial repair and maintenance in Burkina Faso was reformulated, approved and initiated. Market surveys on the feasibility of developing food-processing and other agro-industry products were undertaken in Guinea. Support was provided to the Ministry of Industry and Energy in Mozambique. A technical cooperation programme was prepared for small- and medium-scale artisanal mining in Botswana. Advice was given to the United Republic of Tanzania in the production and marketing of pharmaceuticals.

D. Industrial sector programme review missions

15. UNIDO undertook in the closing months of 1994 a series of industrial sector programme review missions to the following 14 African countries: Benin, Botswana, Burkina Faso, Côte d'Ivoire, Ghana, Guinea, Kenya, Mali, Namibia, Nigeria, Togo, Uganda, United Republic of Tanzania and Zimbabwe. Other countries are scheduled for similar coverage in 1995. The objectives of the missions were to assess the status of industry and the priorities of the countries concerned to determine the services UNIDO could provide in relation to the ten-point programme and the development objectives of the Organization. The missions included consultations with the various national actors involved in industrial development such as Government, the private sector and the business community as well as the donor community. The UNIDO missions also ascertained the need for updating and reorienting the national programmes in the light of new national and international developments.

16. The missions were led by senior UNIDO staff and included ECA representatives. For each of the countries visited, a UNIDO support strategy is under preparation. Detailed programmes and projects are being elaborated for promotion among various multilateral and bilateral funding agencies and financial institutions. The main focus will be on the strategic management of industrial development, human resource development, quality control and standardization, environment, private sector development with emphasis on small and medium industries and the implications of the GATT Uruguay Round Agreements. A coordinating mechanism has been established in UNIDO to review the various recommendations of the programme review missions and the necessary follow-up actions. Preparations are also under way for assistance in updating the IDDA national programmes for a number of the countries concerned.

II. UNIDO ACTIVITIES FOR THE INDUSTRIALIZATION OF AFRICA

17. Since the beginning of the biennium 1994-1995, a number of activities, including technical cooperation projects and technical support services to African countries, have been carried out in a number of areas by UNIDO under the Africa Programme and under the Second IDDA. Those activities are briefly described below under headings that are broadly based on the actions requested in resolution GC.5/Res.12 and decision IDB.12/Dec.12 (see para. 2 above).

A. Industrial policies

18. In a number of countries assistance was provided in the formulation of industrial sector policies, including policies leading to privatization. For example, in the United Republic of Tanzania advisory services were rendered on a programme of privatization and rehabilitation; in Mozambique high-level advisory services were directed to the promotion of an industrial development programme; in Benin support was provided for the development of the private sector; and in Lesotho a review was undertaken of the industrial sector. In Kenya, an assessment of the international competitiveness of local industries was carried out for the Ministry of Industry. A workshop on industrial restructuring in the framework of policy reforms was held in Algeria, while in Guinea-Bissau a workshop on privatization policies and strategies was held for French-speaking least developed countries. New systems for rural industry promotion were developed in Guinea, Guinea-Bissau, Mozambique and Zambia and in Togo, where a strategy for the integration of women in development was under formulation.

19. With the participation of the Director-General, a national seminar was held in Kenya on the country's industrial transformation towards a "newly industrialized economy" status by the year 2010. The experience of UNIDO in assisting in the preparation of an industrial vision of future possibilities and the necessary policy orientations will be applied in other countries to meet increasing requests for such assistance, especially in the light of recent significant changes in the world economy.

20. In a further initiative, a training course on industrial policies is being organized in cooperation with and contribution by the Government of the Republic of Korea. Drawing also on IDDA resources, this will allow policy makers in African countries to study the experience of the Republic of Korea in the application of strategies for accelerated industrialization.

21. Advisory services were provided in Benin, Djibouti and Togo for defining policy guidelines and assistance in terms of pre-feasibility studies and support of management, operations and the legal and organizational frameworks towards creating an enabling environment for industrial development.

22. In the field of rehabilitation of industrial enterprises, assistance was provided, for example, in the modernization of industry in Tunisia and to the restructuring of industrial enterprises in Togo. An established enterprise or institution must continuously ensure competitiveness and viability and, in that respect, UNIDO has provided a variety of support services. Through direct operational assistance, on-the-job and formal training programmes and maintenance management assistance, enterprises in the United Republic of Tanzania received support in improving management, productivity and competitiveness. In Ethiopia, assistance was given in the improvement of plant level performance and quality control as well as cost accounting and management training, while enterprises in Mali received assistance in maintenance management. At the institutional level, support was provided to Kenyan industry associations and enterprises in capacity-building, quality improvement, productivity increase and ISO certification; and to national institutions in Algeria, Nigeria, Seychelles, Uganda and Zimbabwe in respect of quality, standardization and metrology for certification making, calibrations and testing.

B. Private sector development and promotion

23. Particular attention has been given to assisting the creation of an enabling environment for the development of private industry, in particular small- and medium-scale enterprises (SMEs) in Africa. Projects in Burkina Faso, Guinea, Niger and Zimbabwe aim at focusing on small and medium enterprise development within overall industrial development policies. A strategy to enhance the development of SMEs and the promotion of the private sector was developed in Equatorial Guinea, and support was given to Mali in the formulation of policies encouraging private sector enterprises. Likewise, in Cameroon, a programme for the promotion of SMEs was undertaken. Integrated national SME programmes were developed in Madagascar and Nigeria to enhance dynamism and efficiency of SMEs in key sectors of the economy. In Guinea, Guinea-Bissau, Uganda and Zambia, integrated assistance was directed to strengthening national capabilities for the creation and development of SMEs and this led to improved services by SME support agencies, training institutions and local consulting firms. Support was given to policy formulation for the development of small-scale and micro enterprises in Mozambique, Togo and Zambia. A "seed" programme in Western Africa, designed for the promotion of traditional textiles progressed towards its objective of drawing up a viable regional level long-range plan of action. To this end, a "tissuethèque" will be established in Mali to reactivate the cultural and traditional textile industry in Western African least developed countries, thus opening opportunities for micro enterprises in that field.

24. Several projects aimed at entrepreneurship development. A training programme for women entrepreneurs in food processing was held in Gambia and advisory assistance was provided to entrepreneurs in Ghana, prior to an Investors Forum held in that country. Assistance was also provided in the United Republic of Tanzania to enhance the technical and entrepreneurial skills of businesswomen in the production of textiles and related products. Other projects for the benefit of women entrepreneurs included preparatory assistance provided to Ghana with regard to food-processing and textile-related products, and to Guinea in support of facilitating access to credit facilities and investment expertise for women entrepreneurs.

25. As a follow-up to a recommendation of the Joint Committee of the Secretariats of OAU, ECA and UNIDO on IDDA, which was endorsed by the executive heads of the three organizations, a Private Sector Forum was held at Gaborone, Botswana, from 3 to 5 June 1995, within the framework of the twelfth meeting of CAMI. The Forum was organized by UNIDO, UNDP, the African Business Round Table (ABR) and the Corporate Council for Africa, in cooperation with the Government of Botswana as well as with ECA and OAU. Substantive discussions at the Forum focused on the following four themes:

(a) Creating an enabling environment for private sector development and promotion;

(b) Implications of the GATT Uruguay Round Agreements and technological advances on the performance of the African private sector;

(c) Mobilization of financial resources for private sector development in Africa;

(d) Regional/subregional cooperation and the role of the private sector.

26. Further cooperation with ECA and OAU is envisaged in support of a meeting of the private sector in Eastern and Southern Africa to be organized with COMESA and the Southern African Development Community. It is intended that the meeting will review and make proposals for updating the IDDA subregional

programme, and thus contribute to greater involvement of the private sector in IDDA at national and subregional levels.

C. Mobilization of financial resources, including industrial investment promotion

27. In promoting the mobilization of financial resources for industrial development and increased industrial investment, UNIDO provided assistance to Cameroon, Guinea, Madagascar and Mali. In Sudan, the investment promotion centre was strengthened and in Zambia, assistance was provided in establishing such a centre. In the United Republic of Tanzania, where an investment promotion centre is already operating, UNIDO provided expert advice, training of staff and assistance in identifying investment opportunities. Feasibility studies were carried out in Nigeria and Zimbabwe on the extension of a domestic cement company and for the establishment of a citrus fruit- and tomato-processing plant, respectively, and in Gambia for a dairy-products processing plant. In the United Republic of Tanzania, agro-industrial investment opportunities were identified. In January 1994, an investment forum for Eastern and Southern African States was held at Lusaka, Zambia, with 190 participants from 23 mainly African countries. In April of that year, an industrial forum held in Madagascar attracted attention also from other developing regions. Training plays a crucial role in investment promotion: in Nigeria, a workshop on the appraisal of industrial investment projects and the use of COMFAR was organized for professional staff of the investment banks of that country. Training in UNIDO-developed investment methodologies and preparation of pre-feasibility studies was also carried out for professionals in Benin, Burkina Faso, Eritrea, Ethiopia, Madagascar, Uganda and Zambia. A major diagnostic study was initiated of local manufacturing of telecommunications equipment in Africa which will, *inter alia*, provide the basis for a compendium of projects to be promoted.

D. Institutional support and human resource development

28. UNIDO provided institutional support for a spare parts and hand tools factory in Ethiopia. In Mauritius, Namibia and Zambia, assistance was given in setting up national industrial statistics programmes. In Egypt, support and advice was provided to a research and development centre for synthetic fibres. In Swaziland, advice was provided for establishing an export processing zone and in Namibia an information system was developed in the Ministry of Trade and Industry. In Mauritius, a productivity centre for the garments industry was assisted and support was also provided to three production training centres in footwear and technology and development in Kenya, Sudan and Zimbabwe. In Cameroon, an expert group meeting led to the adoption of a manual on cost accounting and in Zambia, a seminar on the integration of women in commerce and industry was supported and a national seminar was conducted addressing the issue of management development; a similar national seminar was held in Ethiopia.

29. In respect of human resource development, assistance was given in building up capabilities of local consultancy firms and providing services to SMEs in Zaire and in Ethiopia and a training workshop was held to familiarize industrial bureau officers with local industrial promotion. Upgrading capabilities of nationals at all levels (management, artisans, entrepreneurs) was carried out by conducting workshops, fellowship programmes, study tours and training for Burundi, Cape Verde, Madagascar, Niger, Uganda and the United Republic of Tanzania. In the latter country, a training programme was held for women entrepreneurs in the food-processing industry. Assessments of needs for the development of technical and managerial skills were carried out in Namibia and Swaziland. More than 40 women entrepreneurs and trainers from 15 African and Asian countries received training in India on entrepreneurship development, industrial project identification and investment.

E. Environment and sustainable industrial development

30. Preparatory assistance was given to Mozambique on the formulation and implementation of an integrated, environmentally sustainable industrial development programme. Work was conducted and advice given on the application of biogas technology to the treatment of industrial wastes in selected African countries, and, in Zimbabwe, an environmental testing centre for the Eastern and Southern African subregion was set up. In Kenya, advice was given to several companies on a chlorofluorocarbon (CFC) phase-out project. In Nigeria, assistance was provided in the preparation of a CFC phase-out strategy and in Algeria, preparatory assistance was given for the elimination of CFCs in the manufacture of refrigeration equipment, while a separate project in that country was in the preparatory stage for the phase-out of CFCs in the manufacture of aerosols and solvents. In Egypt, projects were undertaken with several companies involving the phasing-out of ozone-depleting substances, which was also the subject of a project in Cameroon with a manufacturer of household appliances.

F. Development and transfer of technology

31. The development and transfer of technology is a key issue for African countries. Capacity-building in this area was supported through a workshop held in Uganda

on technology transfer operations and on facilitating the flow of technology. Other workshops were held in Ghana and Kenya on industrial technology development; a further one is planned for Namibia on the subject. Also in Kenya, a workshop was held in April 1995 on technology management for enterprises. The project launched in Ghana to convert local sorghum into malt for the brewing industry also involved an element of technology transfer, as did the project to develop cereal-processing equipment for women in Burkina Faso. In further food-processing related industries, in the United Republic of Tanzania, an assessment was made of a pilot medium-scale multi-purpose flour mill, development of the food industry was supported in Angola and, in Togo, technical cooperation was provided to the fish-processing industry. The upgrading and expansion of pharmaceutical production was assisted in Cape Verde. Activities concerning medicinal and aromatic plants included a fact-finding mission to Swaziland and technical support to small-scale production in Madagascar. Producers of plant-based products from Madagascar, Morocco, Rwanda, United Republic of Tanzania and Zimbabwe participated in a trade fair in Germany with the objective of beginning production for export. In Ethiopia, UNIDO assisted in the installation of marble-processing technology and in Malawi and Mozambique, assistance was provided for setting up new small-scale tanneries. In Nigeria, the dissemination of technologies for design and manufacturing of simple machines (hydraulic presses, mills, etc.) by SMEs was undertaken.

G. Coordination with ECA, OAU and ADB

32. Technical experts of ECA, OAU, the African Development Bank (ADB) and UNIDO met in Vienna from 3 to 4 November 1994 to prepare for a meeting of the chief executives of the four organizations. The experts considered measures to ensure the orientation of the industrialization process in Africa towards meeting optimally the countries' overall socio-economic development concerns. The meeting also considered the implementation of the Treaty on the Establishment of the African Economic Community in respect, in particular, of the protocols on cooperation in the fields of industry, technology and energy; the enhancement of the role of the private sector in the industrialization process in Africa; and new approaches and mechanisms for increasing the flow of direct private investment resources and official development assistance into the industrial sector. The experts formulated a memorandum to the Secretary-General of OAU, the Executive Secretary of ECA, the President of ADB and the Director-General of UNIDO.

33. At the invitation of UNIDO, a complementary meeting of private sector experts on the industrialization of Africa was held at Abidjan, Côte d'Ivoire, from 23 to 27 January 1995. The meeting, hosted by the Government of Côte d'Ivoire, was co-organized with ABR. A wide range of issues were considered, including approaches for directing the industrialization process in Africa to the socio-economic and industrial development objectives of African countries in the context of global economic development; the impact of the devaluation of the CFA franc; the impact of the debt crisis on Africa's industrialization and the role of industry in reaching a durable solution to the debt crisis; financing of the private sector, including new approaches and mechanisms; implementation of the Treaty on the Establishment of the African Economic Community; as well as the substantive preparations and organizational arrangements for the Private Sector Forum (see para. 25 above).

III. ACTION REQUIRED OF THE BOARD

34. The Board may wish to take note of the present report.

Distr.
GENERAL

GC.6/12
IDB.14/17
2 June 1995

United Nations Industrial Development Organization ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995

Industrial Development Board

Fourteenth session
Vienna, 26-30 June 1995
Item 10 of the provisional agenda

INDUSTRIAL COOPERATION AND CONSULTATIONS (INCLUDING ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES AND IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 47/153)

Economic and technical cooperation among developing countries

Report by the Director-General

Summary

Reports on a variety of approaches used to increase UNIDO support of, and mobilization of funds for, economic and technical cooperation among developing countries (ECDC/TCDC) programmes and discusses the emerging orientation of ECDC/TCDC activities.

CONTENTS

		Paragraphs	*Page*
Introduction		1	2
Chapter			
I.	GENERAL ORIENTATION	2 - 5	2
II.	SPECIFIC PROGRAMMES AND ACTIVITIES	6 - 20	3
III.	COORDINATION	21 - 24	4
IV.	ACTION REQUIRED OF THE BOARD	25	5

V.95 54059 (E) (b:\pmo.7\1995)

Distr.: 7 June 1995

Introduction

1. The present report is in compliance with decisions IDB.12/Dec.8 and IDB.13/Dec.21 of the Industrial Development Board, and also updates document IDB.12/3 on economic and technical cooperation among developing countries (ECDC/TCDC), which had been prepared in compliance with General Conference resolution GC.5/Res.10. The following text should be read in conjunction with the *Annual Report of UNIDO 1994* (IDB.14/10, chap. II.D), which also contains information on specific activities to promote ECDC/TCDC, particularly with respect to enterprise-level cooperation and human resource development.

I. GENERAL ORIENTATION

2. The changed international context of industrial development calls for a reorientation in regard to ECDC/TCDC. Firstly, the general decline in development assistance from the developed countries has prompted greater interaction and cooperation among developing countries themselves. Secondly, liberalized production trade and investment regimes and greater reliance on private sector development widen the scope for South-South cooperation. ECDC/TCDC no longer is solely a government or policy-related activity but offers major opportunities for enterprise-level cooperation, particularly in the private sector. Thirdly, intensified regional and subregional integration endeavours among developing countries require an enhanced and integrated industrial production and export capacity in concerned cooperation schemes.

3. The record of past industrial cooperation between developing countries has been mixed for a variety of reasons including attitudinal factors, institutional weaknesses, inadequate information and lack of necessary technical and professional support. Developing countries must be supported to overcome these and other constraints if the full potential of South-South cooperation is to be released.

4. In the restructured UNIDO, ECDC/TCDC is to play an important role in the fulfilment of the five development objectives. ECDC/TCDC thus constitutes an integral dimension of the overall work programme of UNIDO and in particular of the following Major Programmes:

(a) In Country Strategy and Programme Development (300), the key tasks carried out in respect of ECDC/TCDC are the development of technical cooperation programmes and projects in which South-South cooperation is given particular attention through specific project activities and inputs. Programmes are also developed to specifically support interregional and regional cooperation as well as to assist in the build-up of regional and subregional schemes;

(b) Mobilization and Management of Financial Resources (400) actively carries out fund mobilization efforts in support of ECDC/TCDC programmes;

(c) Information and Research (500) covers activities that provide research services and data including industrial statistics in support of South-South cooperation concepts and policies. Industrial information services are being rendered to connect various developing countries in networks for data exchange;

(d) Human Resource, Enterprise and Private Sector Development (600) facilitates, *inter alia*, the utilization of training capacities in various developing countries for trainees from other countries. In the field of small and medium enterprises, subcontracting of arrangements and partnerships is provided;

(e) In Industrial Sectors and Environment (700), advisory services and technical cooperation activities include the fostering of South-South cooperation in selected industrial subsectors and in environment protection;

(f) Investment and Technology Promotion (800) is explicitly geared to strengthening ECDC/TCDC. Besides promoting South-South cooperation in investment and technology at policy, institutional and enterprise levels, this Major Programme coordinates ECDC/TCDC activities of the Organization as a whole;

(g) Through Operational Support Services (1000) experts and other resources in developing countries are contracted for technical cooperation projects.

5. In addition, efforts have been made to initiate new approaches for ECDC/TCDC. These initiatives include the following areas:

(a) Support to existing organizations and mechanisms for interregional, regional and subregional cooperation in the field of industry. Activities foreseen in this respect include a survey of specific industrial cooperation projects and priorities of various regional and subregional intergovernmental organizations. On this basis selected pilot cases will be taken up for support through technical and advisory activities.

(b) Increased support to industrial development of the least developed countries (LDCs) with special reference to human resource development and small scale industry.

(c) Promotion of ECDC/TCDC activities in key emerging issues for developing countries such as development of the automotive and telecommunications industries and harmonization of industrial standards within regions and subregions. The cases of the automotive and telecommunications industries have been taken up for specific examination at expert group meetings to be convened in 1995.

II. SPECIFIC PROGRAMMES AND ACTIVITIES

6. Among the specific UNIDO programmes and activities promoting ECDC/TCDC, some warrant more detailed description. This concerns in particular the investment and technology promotion services, information services and various initiatives for subsector and other technical and policy cooperation between developing countries. The information presented below on those programmes supplements the respective parts of the *Annual Report of UNIDO 1994*.

A. Interregional, regional and subregional cooperation
(GC.5/Res.10, para. 1 (b))

7. The first meeting of the Regional Forum on Industrial Policies in Latin America and the Caribbean, held at San José, Costa Rica, in October 1994, was an example of UNIDO support in building up South consciousness for cooperation prospects and approaches. The meeting was sponsored by UNIDO with the support of the Latin American Economic System (SELA), Inter-American Development Bank, Economic Commission for Latin America and the Caribbean and Programa Bolivar. As a result of the Forum, a multi-agency preparatory committee was established to formulate and coordinate the final programme of activities for the 1995-1996 biennium. In June 1994, a set of policy and strategy recommendations to achieve sustained industrial growth and harmonization in the region was adopted.

8. With the active involvement of India and Mexico, a computer-aided decision support system has been developed as a tool for the formulation of competitiveness strategies. The model could be used by UNIDO and by developing countries at industrial enterprise and policy formulation levels.

9. UNIDO sponsored and organized visits of chief executives of African, Arab and Latin American iron and steel associations to their counterparts in Asia in July 1994 (IDB.14/10, chap. II.D, para. 177). Visits were made to steel companies and research and development institutions in several countries, including Malaysia, the Republic of Korea and Singapore. These meetings promoted great interest in further cooperation between iron and steel associations in such aspects as technological process, environmental management, engineering and equipment, international marketing and training.

10. Several countries have indicated interest in the Latin America and Caribbean regional harmonization programme proposed as a follow-up to the 1994 timber structural design codes workshop, and possibilities for funds mobilization are being examined.

11. Under the Regional Network on Pesticides for Asia and the Pacific and within the framework of the Farmer-Centered Agricultural Resource Management (FARM) programme of the United Nations Development Programme (UNDP), a workshop was conducted in the Philippines, attended by 50 participants from the region, that dealt with risk reduction in pesticide development. A workshop on pesticide data collection systems was held in Thailand in cooperation with the International Cooperation Centre of Agricultural Research for Development and the Economic and Social Commission for Asia and the Pacific. The workshop was attended by 30 participants from the region.

12. In cooperation with the Southern African Transport and Communications Commission, a workshop also took place in Zimbabwe to create regional awareness of environmental tropicalization and calibration of telecommunications equipment. The workshop was part of ongoing UNIDO activities for the establishment of a regional environment testing and tropicalization centre for telecommunications equipment.

B. Investment and technology cooperation
(GC.5/Res.10, para. 1 (e); IDB.12/Dec.8, para. c (ii))

13. Particular consideration is given to ideas emanating from the Report of the South Commission[1] on the promotion of joint ventures, exchange of visits by business delegates and creation of a more favourable policy environment for joint ventures within the South. Thus, in UNIDO investment promotion programmes, ECDC/TCDC constitutes an important element. These programmes and related activities are described in document GC.6/11-IDB.14/16 on industrial investment promotion.

---

[1] *The challenge to the South, the Report of the South Commission*, (Oxford University Press), pp. 180-186.

14. Intensified regional integration efforts must be complemented by adequate industrial and technological capacity. The effectiveness of Techmarts as a mechanism to respond to developing countries' demand for improved access to technology sources is reflected in document IDB.13/12, paragraphs 41 and 42, as well as in the *Annual Report of UNIDO 1994* (*ibid.*, paras. 174 and 176). Comprehensive, indexed catalogues provide information on technology offers and requests from participants from developing and developed countries. Parallel seminars enable participants to enter into technology negotiation, acquisition and transfer. In the current biennium Techmarts have been held in New Delhi (1995) and Hanoi (1994).

C. Information systems
(GC.5/Res.10, para. 1 (a))

15. Efforts are being made to strengthen the Industrial and Technological Information Bank (INTIB) network and enhance the information flow so as to support ECDC/TCDC. A network approach to information handling developed by INTIB is expected to unify techniques in information processing and to create a greater awareness in organizing information, thereby increasing the exchange of business and industrial information among developing countries.

16. In order to redirect queries received by INTIB (either in Vienna or in the national focal points) to a wide range of well-targeted sources of industrial and technological information, a special Information Referral System was designed. The system provides INTIB customers, mainly in developing countries, with a wider spectrum of more up-to-date industrial technological information which can serve the strengthening of ECDC/TCDC.

D. Utilization of experts, equipment and services from developing countries
(GC.5/Res.10, para. 1 (d) and
IDB.12/Dec.8, para. c (iii))

17. Efforts were continued to increase the utilization of experts, services and equipment from developing countries for UNIDO technical cooperation projects. A list indicating the nationality of experts appointed in 1994 is provided in the addendum to the Annual Report of UNIDO for that year (IDB.14/10/Add.1, appendix F). Equipment and supplies totalling $8.9 million were purchased from developing countries in 1994, which represented 39 per cent of the total purchased by UNIDO for technical cooperation purposes in that year. The Contracts Unit awarded 71 contracts with a total value of $2.6 million to developing countries, accounting for 26 per cent of total 1994 contracts concluded by UNIDO for technical cooperation purposes.

E. Financial support
(GC.5/Res.10, para. 1 (c) and
IDB.12/Dec.8, para. c (ii))

18. Resource mobilization efforts in support of South-South cooperation were pursued through the ECDC/TCDC programme. These endeavours focused on a variety of financial sources, in particular the Industrial Development Fund (IDF), third party trust funds and the Regular Programme of Technical Cooperation.

19. The level of approvals of IDF projects with ECDC components reflects the sectoral/thematic priorities of IDF donors. Such approvals amounted in 1994 to $379,163 or nearly 2 per cent of all IDF projects approved. Recently, special efforts have been undertaken to increase the mobilization of IDF funds from developing countries. Traditionally, ECDC/TCDC activities have been primarily supported by only a few developing countries, such as China and India. Special support to ECDC/TCDC activities was also provided by developing countries through in-kind contributions to regional projects. A number of developing countries have been approached to consider providing special-purpose contributions in local currency.

20. In comparison, the Regular Programme—which is freely programmed by UNIDO—continues to strongly support projects with an ECDC component. Approvals in 1994 amounted to $716,431, or 15.3 per cent of total Regular Programme projects approved. The Regular programme of Technical Cooperation, including the technical cooperation component for the Industrial Development Decade for Africa, is being increasingly used to complement contributions to IDF and as seed money to generate further financial resources for ECDC/TCDC.

III. COORDINATION
(IDB.13/Dec.21, para. b (ii))

21. Given the interdisciplinary nature of the ECDC/TCDC programme and the fact that South-South cooperation constitutes a component of most Major Programmes of UNIDO, overall coordination assumes crucial importance.

22. Following Board decision IDB.13/Dec.21, the Industrial Cooperation and Consultations Service convened an interdivisional meeting to strengthen activities relating to ECDC/TCDC. Such meetings will be held regularly in future. The same decision requested the Director-General to consider covering the theme of ECDC/TCDC in workshops, seminars and training activities of UNIDO staff. This has been brought to the notice of the division concerned.

23. In this regard two interdivisional meetings have been convened in 1995. The first was to follow up on the recommendations of the consultation meeting on downstream petrochemicals, and the second to formulate a strategy and programme for an expert group meeting on the automotive industry for selected developing countries.

24. Coordination of ECDC/TCDC programmes with the United Nations system as a whole is another essential requirement. UNIDO will participate in and contribute to the preparations for the ninth session of the High-level Committee on Technical Cooperation among Developing Countries to be convened under the auspices of UNDP from 30 May to 3 June 1995. That session is expected to be followed by a conference on South-South cooperation in 1996.

IV. ACTION REQUIRED OF THE BOARD

25. The Board may wish to take note of the information contained in the present report.

Distr.
GENERAL

GC.6/12/Add.1
22 September 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Sixth session
Vienna, 4-8 December 1995
Item 9 (f) of the provisional agenda

INDUSTRIAL DEVELOPMENT AND COOPERATION ACTIVITIES: INTERNATIONAL COOPERATION IN INDUSTRIAL INVESTMENT AND TECHNOLOGY, INCLUDING COOPERATION AMONG DEVELOPING COUNTRIES

Economic and technical cooperation among developing countries

Report by the Director-General

Addendum

Summary

Updates document GC.6/12-IDB.14/17 submitted through the fourteenth session of the Industrial Development Board and reports on the latest progress on ECDC/TCDC programmes and activities through 31 August 1995.

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	REGIONAL COOPERATION PROGRAMME	3 - 5	2
II.	INFORMATION NETWORK FOR DEVELOPING COUNTRIES	6	2
III.	ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES	7 - 8	2
IV.	EXPERTS, EQUIPMENT AND SERVICES	9	3
V.	ECDC/TCDC FINANCING	10	3
VI.	ACTION REQUIRED OF THE CONFERENCE	11	3

V.95 57455 (E) (b:\95\pmo.9)

Distr.: 3 October 1995

Introduction

1. In compliance with General Conference resolution GC.5/Res.10 on economic and technical cooperation among developing countries (ECDC/TCDC), a report prepared for the General Conference on the implementation of the resolution (GC.6/12-IDB.14/17) was submitted to the Industrial Development Board at its fourteenth session. The Board, in its decision IDB.14/Dec.18, took note of that report and requested the Director-General (a) to continue his efforts to implement resolution GC.5/Res.10; (b) to strengthen the programme for ECDC/TCDC, *inter alia*, by seeking additional extrabudgetary resources, and by developing and strengthening the capabilities of the recipient developing countries; and (c) to continue his efforts to increase the utilization of experts, equipment and services as well as training and other human resource development facilities from developing countries in connection with UNIDO technical cooperation activities. The Board also requested the Director-General to report on progress made in the implementation of the ECDC/TCDC programme to the General Conference at its sixth session. The present report thus updates the information provided in document GC.6/12-IDB.14/17 through 31 August 1995.

2. Although promotion and application of ECDC/TCDC is primarily the responsibility of the developing countries and depends largely on the policies of national Governments, over the past years considerable effort has been made by UNIDO to bring about stronger political commitment, articulate more explicitly policies, strategies and programmes, and determine funding and institutional mechanisms for ECDC/TCDC. UNIDO promotion of ECDC/TCDC is intended to engage developing countries in preparing the foundation for launching operational activities involving sharing and exchanging technical resources, capabilities and skills between two or more of those countries.

I. REGIONAL COOPERATION PROGRAMME

3. UNIDO, in cooperation with the Scientific and Technical Research Council of Turkey, will hold a meeting from 25 to 28 September 1995 to promote cooperation in the field of catalysts among Middle East and North African countries. Participants will review all technical and financial aspects related to a cooperation programme and are expected to conclude with a plan of action in that regard. A regional training workshop on capacity-building in technology transfer negotiations for Arab countries will be held at Amman, Jordan, in September 1995. The workshop will provide a unique opportunity for Arab countries to exchange experiences.

4. To increase awareness and opportunities for the integration of new biotechnology into traditional production processes, a workshop will be held in the Philippines during the last quarter of 1995. Through the workshop, biotechnology experts from 12 developing countries in Asia and the Pacific will gain a better awareness of the potential and risks of biotechnology, and of up-to-date information resources, especially within the region.

5. For enhancing capacity and capabilities of small-scale workshops in prototype design and manufacturing and hydraulic maintenance press testing, a 10-week demonstration programme will be organized within the African Regional Centre for Engineering Design and Manufacturing for 32 engineers and technicians from the Congo, Nigeria, Uganda and Zambia. Aimed at promoting technical cooperation among African countries, it is also envisaged that this project will lead to the establishment of an African network for agro-metal and engineering industries.

II. INFORMATION NETWORK FOR DEVELOPING COUNTRIES

6. Establishing an industrial and technological information network requires cooperation commitment among network members and also implies data sharing and data exchange. Through a second phase of the Industrial and Technological Information Bank (INTIB) network for Africa (IDB.12/3, para. 11), the INTIB/IRMS (Information Resources Management System) standard database is being installed to provide network members with basic working tools to facilitate data exchange. A regional seminar on data management and network will be held in the last quarter of 1995 at Dakar, Senegal, that will provide basic knowledge on the use and application of INTIB computerized database and also guidelines for networking.

III. ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES

7. To enhance capability in food quality control and testing, UNIDO and the Asian Institute of Technology co-sponsored a training programme at Bangkok, Thailand, from 14 August to 1 September 1995, on quality management in the food industry for LDCs in the region.

8. Approval was also obtained for the second phase of a project for promotion and development of agro-related metalworking industries for LDCs in the Asia and Pacific region. Promotion of institutional linkages among national networks, and promotion of active use of information and services from regional agro-related metalworking projects are particularly stressed. More than $800,000 has been injected into this project, benefiting Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Myanmar, Nepal, Solomon Islands and Western Samoa.

IV. EXPERTS, EQUIPMENT AND SERVICES

9. Efforts continue to maximize the recruitment of experts from developing countries in UNIDO technical cooperation. Appointments of experts from countries included in lists A and C[1] during the period 1 January - 31 August 1995 totalled 534, or 39 per cent of the UNIDO total of 1,366 for the period. During the same period, 459 purchase orders were placed with developing country firms (45 per cent of the UNIDO total and 50 per cent in value terms), and 93 contracts awarded (totalling 60 per cent of UNIDO contract awards or 26 per cent in terms of value).

V. ECDC/TCDC FINANCING

10. While most ECDC/TCDC activities are financed from the Industrial Development Fund and other voluntary contributions, support continues from the Regular Programme of Technical Cooperation. A recent example of a large-scale co-financed trust fund project includes, as one component, the financing of experts by the Republic of Korea to assist in the formulation of a medium-term industry and trade strategy in Viet Nam.

VI. ACTION REQUIRED OF THE CONFERENCE

11. The Conference may wish to take note of the present report.

---

[1] The countries included in lists A and C of Annex I to the UNIDO Constitution are shown in document GC.6/17.